

City of Huntsville
Fiscal Year 2009-2010 Budget

Budget Overview





CITY OF Huntsville

Incorporated in 1845 under the Republic of Texas

Citizens of Huntsville
City Council
City Manager
Directors and Staff

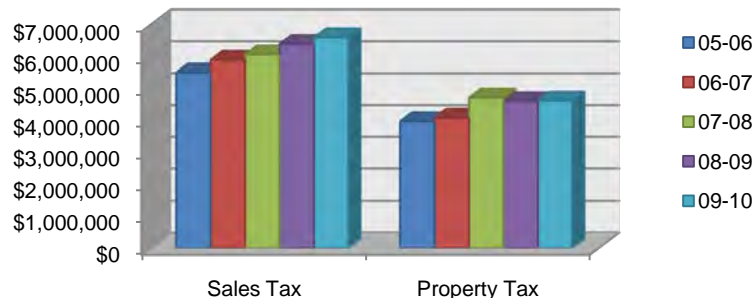
The budget for fiscal year 2009-10 is presented herein. The citywide appropriations total \$49,578,762 for operations, \$1,987,730 for general obligation debt supported by taxes, and \$3,025,117 for capital improvements. Appropriations for the major operating funds and for the Debt Fund for the prior two years are presented below:

	08-09 Budget	09-10 Budget
General Fund	\$ 16,391,421	\$ 18,419,977
Debt Fund	2,053,170	1,987,730
Water Fund	10,668,945	11,671,476
Wastewater Fund	7,991,614	8,871,613
Solid Waste Fund	4,040,076	4,373,110
Street Fund	2,923,951	3,333,467
Capital	<u>3,596,973</u>	<u>3,025,117</u>
Total	47,666,150	51,682,490

For FY 2009-10, the City Council approved maintaining the current tax rate of \$.4007 for the General and Debt Funds. The rate adopted is below the effective rate of \$.4132 and divided as follows:

General Fund	\$.2249
Debt	<u>\$.1758</u>
Total	\$.4007

Due to the economic structure of Huntsville, the City was not significantly affected by the recession during FY 2008-09. Two of the City's largest employers, Sam Houston State University (SHSU) and the Texas Department of Criminal Justice (TDCJ), provide a fairly stable work environment. This stable work environment helps to maintain relatively consistent increases in property and sales tax revenue, each averaging 5% increases during the past 5 years.

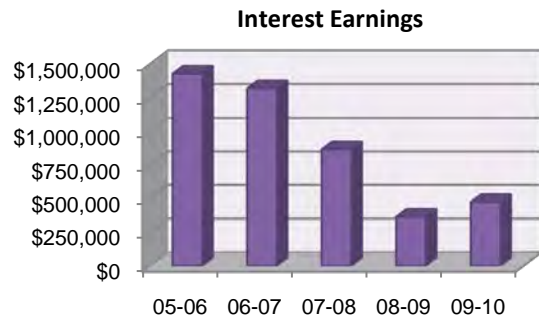


FINANCE

1212 Avenue M • Huntsville, TX 77340-4608 • 936.291.5440 • 936.291.5489 fax • www.huntsvilletx.gov

Our vision for the City of Huntsville is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned with great opportunity for our citizens.

The weakened investment market did cause the City to experience a major decline in interest income. FY 08-09 interest earnings decreased approximately 58% from 07-08 earnings of \$866,273. Estimated FY 08-09 interest income of \$363,325 is \$581,825 below budgeted projections. Accordingly, interest income has been budgeted at a more conservative rate for FY 09-10.



Utility Rates

The City Council is committed to providing high quality service to its citizens at the lowest possible cost. For FY 09-10, the Council agreed to decrease the base rates for residential water and wastewater customers by \$2 per month for each service (\$4 total). The City will still be able to maintain sufficient water supplies and water quality as well as superior service to the citizens of Huntsville.

Housing

A “neighborhood stabilization” grant in the amount of \$1,050,000 was awarded to the City. The grant is for the construction of twelve houses for qualified low income first-time homebuyers. The project will begin in the current fiscal year and revitalize properties on previously foreclosed properties.

A “HOME” grant was also received for current owner occupied replacement housing for low income families in an amount of \$513,516 for six houses.

Library, Airport, and Parks

A bond election was held in which a public library expansion in the amount of \$3,400,000 was approved. A feasibility study was conducted and architectural schematics have been contracted, with construction planned to begin in the fiscal year. Clearing obsolete buildings on the present site is also planned.

A Texas Department of Transportation grant in the amount of \$100,000 was awarded to the city for airport roof replacement. The city has also been awarded an allocation of \$500,000 through the FAA to resurface the airport runway.

An energy efficiency grant for \$166,500 was applied for and received for lighting at the Kate Barr Ross baseball fields. The city is also expanding the girls’ softball field with improvements totaling \$40,000.

Fire Station

The City is nearing construction of a fire station on the northeast side. Budget for the station and equipment is \$2,150,000, financed with bond proceeds approved by the voters.

Infrastructure

Important primary priorities driving the budget process were drainage replacement and sidewalk construction. The sidewalk capital plan was reprioritized with a major addition for sidewalks to Highway 190 East in the amount of \$369,119.

The city has applied and received preliminary acceptance of a FEMA grant for approximately \$11.1 million for drainage restoration along Town Creek. The watershed, which crisscrosses the city’s downtown area, is envisioned as a bike, walking, and park area with green space and retention ponds. Additionally, funds were set aside for other creek maintenance programs. Participation by Walker County, Sam Houston State University, and TDCJ labor is anticipated.

New water projects were added according to the existing five-year plan and for underutilized areas totaling \$1,157,931. Wastewater projects totaling about \$842,000 were also added pursuant to the plan.

Recent approval of \$15 million by the Texas Transportation Commission will lead to substantial improvements to Highway 19. No match is anticipated; although the City could be called on to assist with any further improvements.

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Solid Waste Recycling

The city completed transition to an automated garbage collection system in the past year and currently accepts and dispenses recycled materials at a central location. A residential recycling pilot program is scheduled in the new fiscal year with plans to implement residential cycling throughout the city by the end of the year.

Green Initiative

In response to interest in conservation, the city is reviewing fleet requirements for possible use of alternative fuel resources. This may allow the city to take advantage of savings on fuel costs and available rebates from government programs. The city recycling initiative and drainage reconstruction to green space are also programs to promote a "green" Huntsville. During the year, we anticipate pursuing programs to specialize in "green" technology and alternative energy. Subject to Council approval, additional housing related grants will be vigorously pursued.

Grant Programs

With the hiring of a grant coordinator, the city has secured grants related to housing and the drainage system. The city intends to apply for grants in law enforcement, fire station construction, and the purchase of generators. Generator capacity is being used as an income source to reduce overall electrical grid capacity. Generators are necessary equipment to ensure delivery of basic services during power outages and disaster relief not only for the city but as a city with designated FEMA shelters.

Tourism, Visitors Center & Gift Shop

During the prior year, management of tourism and the Convention and Visitor's Bureau operations, previously operated through contract, was transitioned back to the City. The current year new budget shows detail of its operations in the Hotel/Motel Tax-Tourism and Visitor's Center fund. Gift Shop operations, previously accounted for with the Visitors Center, are budgeted in the General Fund. A priority of the new year is the transition of operations under a new department, Arts & Cultural Services, comprising Tourism, the Visitors Center, Gift Shop, Main Street, and the Arts Center (Wynne Home). The department plans to focus on new initiatives and operational procedures for tourism funding during the transition year. The City is also conducting research to attract additional hotels to the area.

Retirement and Insurance

Actuarial studies of outstanding liabilities for retiree health insurance and pension benefits have been conducted. Consequently, the city has planned to fund a trust for retiree insurance and is also studying alternatives to fund costs for both retiree insurance and pension benefits.

Sales Tax

City sales tax rose 5% from the prior year and proved a valuable resource with declining revenues in other areas. The trend was inconsistent throughout the year; however, the city generally performs slightly better than surrounding cities in economic declines. Increased enrollment at Sam Houston State University (SHSU) and possibly less travel for shopping in outlying areas are factors. Sales tax for a new Target store will also contribute to revenue in the new year. The budget was increased to reflect actual revenues from prior years with trends anticipated to flatten for the current year.

The Finance and Budget staff wish to thank the city and council for their cooperation during this budget session.

William Baine
City Manager

Winston Duke
Director of Finance

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City of Huntsville
Fiscal Year 2009-2010 Budget



Our Goals and Effectiveness

The City of Huntsville's leadership is intensely committed to our community and exercises great diligence in planning for the future of Huntsville. The Huntsville Horizon Plan, the first comprehensive plan for the City of Huntsville, was completed in fiscal year 2006-2007. The Comprehensive Plan is designed as a framework for the future development of the City and its two-mile planning jurisdiction over the next 20 years and beyond. It is intended to guide the community's decisions regarding its future physical, economic, and social development. The Comprehensive Plan plays a significant role in the development of goals and guided the Council's 2010 strategic planning process.

The strategic planning process provides the City Council the opportunity to determine their vision for the long-term future of Huntsville and set goals to accomplish that vision. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey and the Comprehensive Plan, the City Council and senior staff engage in yearly strategic planning sessions in order to plan for the future of Huntsville. The plans and goals that result from these sessions guide the entire organization not only in decisions pertaining to special projects and programs, but also in daily operations.

Each department of the City seeks to fulfill the City Council's strategic plan and the Huntsville Horizon Comprehensive Plan through every service they perform. Each City department has outlined their major function and purpose and has aligned themselves with the Council goals over which they have especially significant and vital influence. In order to succeed in the fulfillment of these goals, department staff has identified intermediate operational objectives for the coming year. Department staff has also identified key measures to determine the effectiveness of their services in achieving their purposes, goals, and objectives. When coupled with prior year accomplishments, these objectives and measures help us mark our progress toward the achievement of the City Council's vision for the future of our City and our pursuit of excellence in service.

City Council Goal Statements



The City of Huntsville is a safe, healthy, and historic community with high quality, affordable housing.



The City of Huntsville is an economically thriving community.



The City of Huntsville is an attractive city with great parks and full of educational and cultural opportunities.



The City of Huntsville is a well-managed and well-planned community with "best in class" public services.

City of Huntsville **Mission Statement**

We serve Huntsville by providing high quality, continuously-improving public services for present and future generations.

City of Huntsville **Vision Statement**

The City of Huntsville's guiding vision is...

...to be a community that values "community" first and foremost by capitalizing on its resourceful citizens, community groups, businesses, the Texas Department of Criminal Justice and Sam Houston State University in the spirit of partnership and continuous improvement;

...to be a community that promotes diverse and high quality opportunities for families, youth, education, and health care;

...to be a community that takes pride in a positive image and appearance that is recognized and enjoyed by residents and visitors alike;

...to be a community that strives to balance residential, commercial, industrial, and public/institutional development supported by quality infrastructure and transportation systems;

...to be a community that values the safety of its citizens through effective law enforcement programs and sound development practices that buffer neighborhoods from incompatible development and excessive traffic;

...to be a community that celebrates and builds on its rich history, image, and population diversity;

...to be a community that welcomes visitors, students, and new residents with affordable housing, livable neighborhoods, quality schools, an unmatched parks and recreation system, and efficient public service delivery;

...to be a community that is prepared for and amenable to new development while recognizing the fundamental importance of its established neighborhoods, commercial corridors, and historic areas;

...to be a community that appreciates its land and natural resources and continues to be a leader among municipalities in local land use management and land character preservation;

...to be a community that embraces managed growth and sustainable employment and economic development that increases the wealth of the entire community; and

...to be a community known for its outstanding public and private leadership, responsiveness to the needs of its residents and businesses, and positive and innovative approaches to community development challenges.

City of Huntsville **Values Statement**

Public service is our business and our goal. We believe in commitment - not just to our job, but to our faith, our beliefs, and our family. Our pride in our work and the organization compels us to a high degree of professionalism.

*H*onesty in all our actions

*U*nited in our commitment to ensure a safe work environment, fair wages and benefits, and opportunities for advancement

*N*urture an environment of cooperation between the city and its citizens

*T*eamwork, depending on one another to improve the quality of life

*S*ervice excellence provided at every level in an efficient and economical manner

*V*ision of an enriched future, enhanced by encouraging skills, talents, and potential of our employees through training, opportunity, and recognition

*I*ntegrity demonstrated in the treatment of our coworkers and those we serve and protect

*L*eadership through communication in a responsive manner, while maintaining a high degree of professionalism

*L*oyalty to our faith, our beliefs, and our families

*E*mbrace the diversity of our employees as the strength of our organization

Establishing our Long-term Goals and Short-term Objectives

Long-term Goal

The City of Huntsville is a safe, healthy, and historic community with high quality, affordable housing.

FY 2009-10 Objectives

Charter Offices

- Fund and continue implementation of Comprehensive Plan
- Administer effective and impartial justice for citizens in matters related to Class "C" offenses

Administrative Services

- Implement a wellness program for City employees
- Install an emergency management appliance to handle caller ID location information

Finance Department

- Successfully implement upcoming 2009 municipal legislative changes
- Implement trust for retiree health program

Public Utilities Department

- Continue to assist low income and non-profit organizations by supplying construction materials from the Trash Into Plow Share (TIPS) Warehouse Program

Public Works Department

- Enhance security at City of Huntsville Service Center, including keypad and touch key entry systems
- Reduce the number of violations found in food service establishments
- Reduce the number of re-inspections due to poor initial inspection results
- Continue to respond to health related complaints within a 24-hour period
- Complete revision of Industrial User Ordinance and Pretreatment Program upon TCEQ final approval of revised local wastewater limits
- Complete 3 targeted years with Community Clean-up Task Force

Public Safety Department

- Complete north side fire station
- Increase patrol minimum staffing to 5 during peak service demand periods.
- Review and revise parade and special event permits ordinance
- Revise police promotion policy
- Revise alarm ordinance and reconstitute enforcement program

Arts and Cultural Services

- Provide educational opportunities to a broad audience by continuing to increase school field trips, the open studio program, and tours
- Incorporate visitor reception, information, and signage into the Wynne Home in cooperation with the department of tourism
- Continue to help the Huntsville Downtown Business Alliance (HDBA) grown and become an even more dynamic force in City development and guidance
- Continue to expand downtown marketing with the assistance of the HDBA
- Complete reworking of the downtown park benches by TDCJ
- Continue working with the Froelich family to refurbish their historic downtown building

Long-term Goal

The City of Huntsville is an economically thriving community.

FY 2009-10 Objectives

Charter Offices

- Fund and continue implementation of the Comprehensive Plan
- Continue to assist in the revision of the City's Development Code

Public Works Department

- Complete comprehensive update of the Development Code

Arts and Cultural Services

- Continue to assist the Huntsville Downtown Business Alliance (HDBA)
- Expand downtown marketing with the help of the HDBA
- Assist the HDBA with the development of its own website
- Continue the Sign Grant and Pedestrian Sign Grant programs; add a minimum of 2 new signs to each
- Place marker signs on existing traffic posts announcing to drivers they are entering a Texas Main Street Program area

Long-term Goal

The City of Huntsville is an attractive city with great parks and full of educational and cultural opportunities.

FY 2009-10 Objectives

Charter Offices

- Fund and continue implementation of the Comprehensive Plan

Public Utilities Department

- Continue to provide regularly scheduled pickup of heavy recyclables and clearance of vacant or substandard demolished structures
- Implement recycling pilot program
- Continue waste minimization through composting, recycling and other methods of solid waste reduction

Public Works Department

- Continue to target major entrances into the City for clean-up

Community Services

- Replace light poles on fields #6, #7, and #8 and install fence on field #10 at Kate Barr Ross sports facility
- Install volleyball court and construct gazebo at Eastham Thomason Park
- Continue to improve hike and bike trail system
- Reinstall Frisbee golf course
- Expand Aquatic Center programs
- Partner with other Aquatic Centers for continuous information updates
- Explore and create additional recreation partnership opportunities
- Expand the number of recreation programs

Arts and Cultural Services

- Participate in the organization of the state-designated Huntsville Cultural District and its implementation
- Place a minimum of two historical markers
- Increase by 5% the number of attendance at Wynne Home Arts Center classes and special events
- Provide educational opportunities to a broad audience by continuing to increase school field trips, the Open Studio Program, classes and tours
- Assist local arts organizations with support and participate in events such as Winter in the Park and downtown events
- Complete primary equipping of arts center
- Continue to create marketing plan to attract visitors to the Art Center
- Provide 3,100 hours for literacy students
- Develop a drive-thru service and other accommodations for customers to use during library expansion
- Assist City in addressing Library space needs
- Host a new Christmas Movie Night fundraiser for the Main Street Façade and Sign Grant Program
- Continue the Summer Film Festival
- Host a Richard Linklater film event in December

Long-term Goal

The City of Huntsville is a well-managed and well-planned community with “best in class” public services.

FY 2009-10 Objectives

Charter Offices

- Fund and continue implementation of the Comprehensive Plan
- Review and reprioritize the work processes and vehicle/equipment throughout the City. Develop a substantial plan to improve mileage by 5%
- Accelerate the completion of capital improvement projects to reduce total CIP backlog from \$7 million in fiscal year 08-09 to \$3 million in fiscal year 09-10, excluding Towne Creek and Library
- Improve equal opportunity in selected departments
- Actively investigate additional ground water and mobility within Huntsville
- Implement prototype recycling program
- Follow through on strategic mobility problems such as Hwy 19, Hwy 75N at I-45, FM 1791, and Powell Rd.
- Follow through on drainage improvements
- Reduce the electrical energy consumption by 10% measure in kilowatt hours of City buildings. Plan and evaluate methods to reduce electrical energy and consumption in all water and sewer operations by 10% within 3 years.
- Purchase contract database for contracts and agreements and maintenance of permanent records
- Relocate records retention
- Complete significant portion of TMCCP certification for City Secretary and Deputy City Secretary

Administrative Services

- Continue to manage and adjust employee/retiree benefit plan as required by Government Accounting Standards Board (GASB) Statement 45
- Continue to monitor and manage employee health care costs for employees and retirees

Finance

- Improve transparency over web and recommend presentation for tourism and economic development
- Review method of gas and oil inventory accounting
- Initiate utility rating review
- Obtain Comprehensive Annual Financial Report Award for 33rd year
- Obtain Budget Award for 23rd year
- Complete fiscal policy review and adopt policies related to finance, grants reporting, and utility credit study
- Implement trust for retiree health program
- Analyze and formulate reporting system for hotel/motel tax fund and gift shop
- Continue efforts to minimize utility account charge offs
- Continue to promote automatic payment of utility bills through bank draft and credit card draft
- Explore alternative delivery methods of billings to institutional account customers

- Complete scanning utility applications for records retention
- Continue steps toward gaining National Purchasing Institute Achievement of Excellence Award in Purchasing
- Conduct formal external vendor survey
- Increase citywide department training and communication of purchasing procedures
- Research electronic sealed bid procedures
- Finalize electronic purchase order procedures
- Begin research for bar scanning system to keep track of inventory
- Review mechanic work order process in the garage
- Research cost of ethanol fuel conversion and other fuel energy savings

Public Utilities Department

- Obtain NELAC accreditation of Microbiology Drinking Water Laboratory Program
- Develop web-based Industrial User forms and information on City's website
- Provide reliable data and reporting efficiency for safe and compliant operation of City water/wastewater utility services
- Continue E-waste Recycling Day once yearly in coordination with state, local, and private entities
- Implement upgrade or rehabilitation of 2 lift stations
- Replace submersible pump at main lift at Robinson Creek WWTP
- Inspect 19 miles of sewer collection system
- Continue waterline cleaning program (pigging)
- Continue aggressive water meter change out program
- Continue valve maintenance program in the water distribution system
- Continue to identify and repair problems in the wastewater collection system

Public Works Department

- Complete process of converting utilities and property data to the SDE Database
- Develop workflow to maintain ASBUILT data and property data in the SDE Database using ESRI Survey Analyst Extension
- Develop mobile GIS applications to streamline and improve GIS data collection and maintain GIS database integrity
- Develop custom GIS desktop and web applications and GIS data for departments, as needed
- Complete revision of Industrial User Ordinance and Pretreatment Program upon TCEQ final approval of revised local wastewater limits
- Develop web-based industrial user forms and information on City's web page
- Provide reliable data and reporting efficiency for safe and compliant operation of City water/wastewater utility services
- Implement on-line service requests to fulfill the commitment to provide citizens with quality customer service
- Continue to update necessary forms to streamline paperwork at Service Center
- Implement a call follow-up system to ensure all concerns have been addressed by City personnel
- Continue to create paperless reports and files for food service establishment inspections and achieve 100% electronic filing
- Continue to create 100% paperless files for building inspection
- Update building and technical codes to 2009 editions
- Install and implement a new community development software program
- Complete comprehensive update of the development code

Public Safety Department

- Evaluate and select possible replacement records management software
- Review and revise parade and special event permits ordinance
- Begin Texas Police Chiefs Association "Best Policies" recognition program evaluation process
- Evaluate alternative patrol vehicles for future fleet conversion due to elimination of Ford Crown Victorias
- Evaluate alternative fuel vehicles for police use
- Revise police promotion policy
- Continue financial responsibility for damaged or lost assets
- Update property and insurance schedules

Community Services

- Create detailed manuals for each recreation

Measuring our Effectiveness

Charter Offices



Office of City Manager

- % of citizens satisfied with overall quality of life in Huntsville
- % of citizens satisfied with City's communication with citizens
- % of citizens satisfied with City's efforts to plan for the future
- % of citizens satisfied with City's efforts to encourage economic growth
- % of citizens satisfied with City's efforts to maintain a reasonable tax rate
- % of citizens satisfied with city employee's responsiveness
- % of citizens satisfied with the efficiency & economy of service



Office of City Secretary

- % of citizens satisfied with City's communication with citizens
- % of citizens satisfied with City's efforts to provide an adequate forum for public input
- % of open records request processed within required time period
- % of City Council meeting minutes prepared on-time and error free



Office of City Judge

- % of total cases appealed

Administrative Services Department



Human Resources

- % of eligible employees enrolled in benefit program
- % of new hires that successfully complete probation
- % of citizens satisfied with City's efforts to maintain qualified workforce



Building Services

- % of non-emergency service calls responded to within 3 days
- % of emergency service calls responded to within 24 hours
- level of Building Services customer satisfaction



Information Technology

- Average time to resolve help desk request based on priority

Finance Department



Finance

- % of monthly financial reports released on-schedule
- GFOA's Distinguished Budget Presentation Award received
- GFOA's Excellence in Financial Reporting Certificate received
- Unqualified audit opinion received
- City of Huntsville's Bond Rating



Purchasing

- % increase in the number of annual contracts
- % of vendors placed in vendor management program
- % of purchase orders processed within 5 business days
- level of Purchasing Services customer satisfaction



Warehouse Administration

- level of Garage Services customer satisfaction
- level of Warehouse Services customer satisfaction
- % of shrinkage in warehouse inventory

Measuring our Effectiveness



Municipal Court

- # of warrants served
- % of cases disposed/completed



Utility Billing

- % of monthly bills posted to customer accounts on-time
- # of billing adjustments to correct meter reading and/or billing errors
- % of utility accounts with balances more than 30 days past due
- Uncollectible account charge-offs as a % of total dollars billed

Public Utilities Department



Water Services

- Service complaints as a % of total customer accounts
- % of water taps completed within 14 days
- % of preventative maintenance work orders at water plant
- % of Water Production Accountability
- % of citizens rating Water Services as good or excellent



Wastewater Services

- Service complaints as a % of total customer accounts
- # of sanitary sewer overflows
- % of preventative maintenance work orders
- % of citizens rating Wastewater Services as good or excellent



Solid Waste Services

- Service complaints as a % of total customer accounts
- Waste recycled as a % of total waste brought to Transfer Station
- % of citizens rating Solid Waste Services as good or excellent
- % of Bacteriological Proficiency Tests performed with acceptable scores of 90% or better with no false negatives



Environmental Services

- % of Discharge Monitoring Report Quality Assurance Proficiency Tests with acceptable scores of 90% or better
- Number of "Required Action" Result received from EPA and TCEQ laboratory and pretreatment program audits and inspections

Public Works Department



GIS

- # of internal data requests completed
- # of external data request completed



Planning

- % of plats reviewed within 10 days of submittal
- % of citizens satisfied with City's efforts to plan for the future



Engineering

- % of utility permits reviewed within 5 days
- % of capital improvement projects completed within budget
- % of capital improvement projects completed on-schedule
- % of development projects completed
- % on Inter-Departmental programs completed

Measuring our Effectiveness



Central Inspection

- % of inspections performed within 24 hours of request
- % of complaints investigated within 24 hours of receipt
- % of citizens rating Building Inspections Services as good or excellent
- % of citizens rating Code Enforcement Services as good or excellent



Health Inspection

- % of complaints investigated within 24 hours of request
- % of total food establishments receiving a minimum of two inspections
- # of reinspections required as a % of total inspections
- % of citizens rating Health Inspection Services as good or excellent



Street Services/ Drainage

- % of annual line mile scheduled maintenance completed
- % of increase (decrease) in tons of hot mix used for street failure patches
- % of emergency calls responded to within 4 hours
- % of citizens rating Street Maintenance Services as good or excellent
- % of citizens rating Drainage Maintenance Services as good or excellent

Community Services Department



Recreation

- % change in in-house recreation program participation
- % change in contracted recreation program participation
- % of citizens rating recreation services as good or excellent



Parks Maintenance

- % of parks maintenance completed on-schedule
- % of time spent on improvements to parks/recreation facilities
- % of time spent on special projects (non-maintenance related)
- % of citizens rating parks maintenance services as good or excellent



Aquatic Center

- % of successful water quality tests
- # of reported Injuries as a % of total annual customers
- % of citizens rating aquatic services as good or excellent

Measuring our Effectiveness

Public Safety Department



Police Services

- # officer initiated calls as a % of total calls
- % of cases rejected by the District Attorney
- % of citizens rating Police Services as good or excellent
- % of citizens rating Animal Control Services as good or excellent



Fire Services

- # of buildings inspected as a % of total buildings
- Average # of training hours received per firefighter
- % of citizens rating Fire Services as good or excellent



Risk and Safety Management

- % of new assets reported to insurance carrier within 5 days of receipt in Risk Management office
- % of employees attending one or more safety training classes
- % of total employees filing worker's compensation claims

Arts & Cultural Services



Library

- Rate of collection turnover
- % of collection less than 5 years old
- Circulation per capita
- % increase (decrease) in literacy program student hours
- % increase (decrease) in adult program attendance
- % increase (decrease) in children's program attendance
- % of citizens rating library services as good or excellent



Cultural Services

- % increase (decrease) in visitors to Wynne Home
- % increase (decrease) in number of events/activities held
- % increase (decrease) in number of community activities/rentals
- % of citizens rating cultural services as good or excellent



Main Street

- % of occupancy in the downtown district
- % of total downtown businesses participating in the Downtown Business Alliance
- % of increase (decrease) in participants in Main Street events/programs
- % of citizens rating Main Street services as good or excellent

City of Huntsville
Fiscal Year 2009-2010 Budget



Budget Summary

Basis of Budgeting

Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, un-matured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.

Budget Structure

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. Each fund can be generally thought of as a small business. The operations of each fund are maintained using a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures. City resources are budgeted to the individual funds, by account, and are controlled within the individual fund. The Fiscal and Budgetary Policies, adopted as part of this budget, require that a budget be prepared for each of these funds.

General Governmental Funds

General Fund
General Debt Service Fund

Special Revenue Funds

Court Security Fund
Court Technology Fund
Street Fund
Airport Fund
Library Fund
Police Forfeiture Fund
School Resource Officers Fund
Public Safety Grants Fund
Visitor and Arts Center Fund
Hotel/Motel Tax Fund

Enterprise Funds

Water Fund
Wastewater Fund
Solid Waste Fund

Internal Service Funds

Medical Insurance Fund
Capital Equipment Fund
Computer Equipment Fund

Permanent Funds

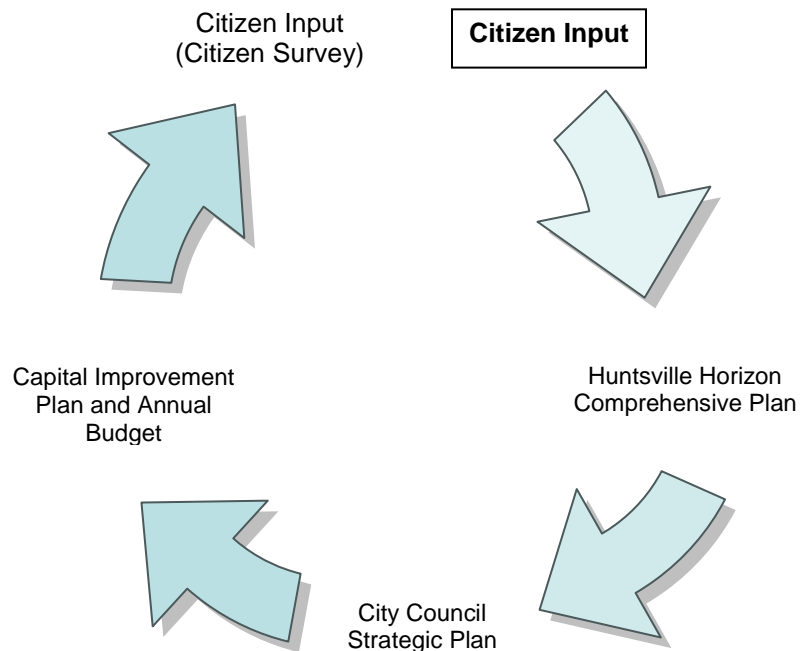
Library Endowment Fund
Cemetery Endowment Fund

Capital Project Funds

General Capital Projects
Water Capital Projects
Wastewater Capital Projects

Planning and Budget Preparation

The City of Huntsville's budgeting process begins with citizen input and involves much planning, goal setting, and prioritizing by the City Council and staff. The below graph demonstrates how citizen input and City planning processes impact the preparation of the Annual Budget:



Comprehensive Plan

In 2006, our community developed a comprehensive plan. The comprehensive planning process provided citizens a forum to express their vision for the future of Huntsville. The Huntsville Horizon Plan, the first comprehensive plan for the City of Huntsville, is designed as a framework for the future development of the City and its two-mile planning jurisdiction over the next 20 years and beyond. It is intended to guide the community's decisions regarding its future physical, economic, and social development. The Comprehensive Plan plays a significant role in the development of goals and guides the Council's strategic planning process.

Strategic Plan

The City Council's Strategic Plan is a strategy to move our community from its current state to where the citizens and City Council desire the community to be in the future. The strategic planning process is an annual process that provides the City Council the opportunity to determine their vision for the long-term future of Huntsville and set goals to accomplish that vision. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey and the Comprehensive Plan, the City Council and senior staff engage in yearly strategic planning sessions in order to develop the Strategic Plan for the future of Huntsville. The plans and goals that result from these sessions guide the development of the Capital Improvement Plan and Annual Budget.

Capital Improvement Plan

The Capital Improvement Plan is developed through a joint effort between City Council and City staff in order to respond to the City's infrastructure needs. On an annual basis, City professional staff, with consideration of citizen input, recommends appropriate projects to the City Council. Capital improvement projects are expenditures of a non-recurring nature related to the acquisition, construction, expansion, or major rehabilitation of an element of Huntsville's infrastructure. Capital improvement projects can include such things as parks, buildings, water and wastewater lines, streets, and sidewalks. After reviewing each project's purpose, impact, and cost, the City Council must prioritize projects and align those projects with the resources available for funding. Based on priorities, goals, and issues, a five-year plan is developed for each area of the capital program. The projects in the first year of the program are considered for funding through the annual budgeting process.

Annual Budget

The annual budgeting process begins with a kick-off session to provide City staff members with instructions and directions for budget request preparation. In accordance with the goals and priorities that resulted from this strategic planning session, City staff then prepare their departmental budget requests. Each City department prepares a base budget request and a supplemental budget request for each of their divisions.

The Base Budget is the portion of the budget that provides for the continuation of operations at the current service level taking into account the updated costs required to provide these services. The Supplemental Budget is the portion of the budget that includes new programs and personnel, new equipment, and any changes to the present level of service. Each department of the City prepares a budget that seeks to fulfill the City Council's strategic plan and long-term vision for the future of our community through every service they perform, both in daily operations and special projects and programs. Because of Huntsville's limited resources, not every budget request can be funded.

The City Manager reviews department budget requests and weighs them against available funding and other requests. The City Manager then presents a proposed budget to the City Council that includes recommended supplemental requests for new or expanded programs, additional personnel, new equipment, and proposed projects. The City Council holds several budget sessions to review the proposed budget and supplemental requests. Council consideration is also given requests presented by the public, Council members, and other Council appointed committees. A public hearing was held in September and final adoption of the annual budget occurred in September. The budget calendar for FY 2009-10 is provided on the following page:

City of Huntsville FY 09-10 Budget Calendar

January 2009						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2009						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March 2009						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April 2009						
S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2009						
S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June 2009						
Su	M	Tu	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- Begin entry of budgets into budgeting software**
Each division began entering their budget requests into budgeting software
- Capital review (internal)**
Finance Department met with Public Works personnel to discuss proposed CIP projects
- Capital review by City Council**
City Manager presented capital project requests to City Council
- Department budget entries due**
Deadline for divisions to have their budgets entered into budget software
- Capital forecasts, graphs, etc. due**
Cost estimates, forecasts, graphs, and complete capital project information due to Budget Office
- Supplemental requests due**
Requests for new or expanded services or programs, new equipment, etc. due to Budget Office
- Budget goals and accomplishments due**
Each division provided goals and accomplishments, resources, workload, and effectiveness measures to Budget Office
- Proposed budget presented to City Manager**
Proposed budget submitted to City Manager for review of base budget and supplemental requests
- Submissions for non-profits requests due**
Applications for non-profits are collected and distributed through proper channels for approval or rejection by City Manager or appropriate board for presentation to Council
- City Manager meetings with Directors**
City Manager met with each Department Director to discuss proposed budget and supplemental requests
- Proposed budget provided to City Council**
City Council was provided proposed budget and City Manager recommendations
- Capital and grants review by City Council**
City manager presented capital project requests and possible grant funding to City Council
- City Council budget work session**
Council was presented with information regarding proposed revenues
- City Council budget work session**
A presentation was made to the Council regarding water and wastewater operations and the financial considerations regarding ratings and debt coverage
- City Council budget work session**
Council discussed non-profit requests, tourism and cultural services, capital, and personnel items
- City Council budget work session**
Discussed various budget topics
- City Council final budget review**
Further discussions of various budget topics
- Public hearing on budget and tax rate**
Citizens were provided an opportunity to discuss the proposed budget and/or tax rate
- Proposed budget and tax rate adopted**

March 16

March 20

April 3

April 13

April 24

April 27

May 6

May 22

May 26

June 1-5

July 1

July 1

July 17

August 7

August 13

August 19

August 20

September 10

September 15

July 2009						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2009						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2009						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2009						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2009						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2009						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Budget Control & Amendment

The City of Huntsville's Annual Budget is adopted by division within the individual funds. The budget, as adopted by Council, is subject to change or amendment by formal action of the City Council. The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the classification, and the line item. The below example shows the relationship between the different levels of budget detail:

Fund:	General Fund
Department:	Public Safety
Division:	Police
Classification:	Salaries/Other Pay/Benefits
Line Item:	Salaries - Full Time

The level at which management, without prior Council approval, loses the ability to reapply budgeted resources from one use to another is known as the budget's "legal level of control". The division level is the legal level of control for the City of Huntsville. The City Manager may, without prior City Council approval, authorize transfers between budget line items within a division and may authorize transfers of \$3,000 or less between divisions. The City Manager may authorize transfers of \$3,000 or less from the budgeted future appropriations account without prior City Council approval. Transfers between divisions and transfers from the future appropriations account are presented to Council at each Council meeting. Adjustments between funds or increased budget allocations greater than \$3,000 require Council approval.

During the fiscal year, budgetary control is maintained through monthly review of budget statements. The responsibility for budgetary control lies with the Department Head. A department is a major administrative segment of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area (e.g., Public Safety Department, Community Services Department). Divisions are the smallest organizational unit budgeted and are grouped together under departments to demonstrate a broader responsibility. For example, the Public Safety Department is comprised of Public Safety Administration Division, Police Division, Fire Division, and School Resource Officer Division. Department Heads may not approve expenditures that exceed monies available at the classification code level within their divisions without prior approval. Appropriations not expended by departments at the end of the fiscal year will lapse. Therefore, funds that were budgeted but not used during the fiscal year are not available for use in the next fiscal year unless they are appropriated again by City Council.

The Finance Department routinely reviews budget items through the payable and purchase order process. The City Manager approves amendments with this authority on an ongoing daily basis. The City Council Finance Committee reviews amendments on a monthly basis before approval by the City Council.

The table on the following page shows the relationship between the City of Huntsville's funds and divisions and indicates the department responsible for budgetary control of each division:

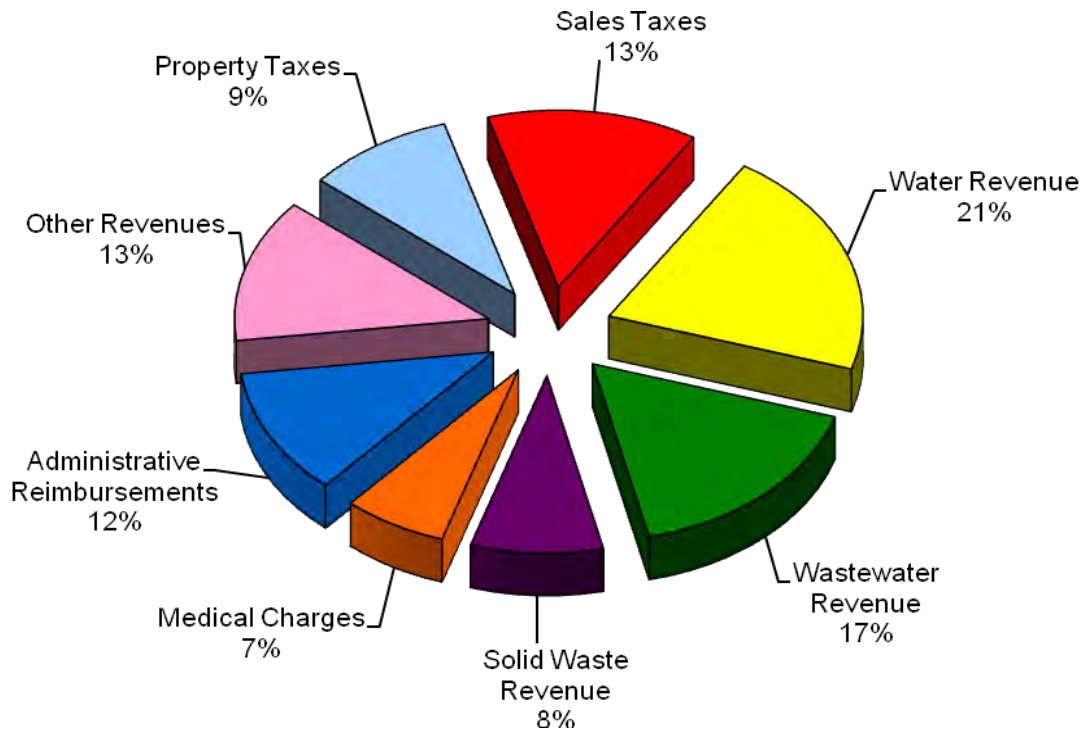
Departments, Divisions, and Funds

By Function

	General Fund	Water Fund	Wastewater Fund	Solid Waste Fund	Street Special Revenue Fund	Other Special Revenue Funds
Charter Offices						
Office of City Manager	✓					
Office of City Attorney	✓					
Office of City Secretary	✓					
Office of City Judge	✓					
Administrative Services						
Human Resources	✓					
Risk and Safety Management	✓					
Garage Operations	✓					
Fleet	✓					
Information Technology	✓					
Financial Services						
Finance	✓					
Municipal Court	✓					
Court Security						✓
Purchasing	✓					
Office Services	✓					
Utility Billing		✓				
Warehouse	✓					
Public Utilities						
Public Utilities Administration	✓					
Surface Water Plant		✓				
Water Production		✓				
Water Distribution		✓				
Meter Reading		✓				
Wastewater Collection			✓			
AJ Brown WWTP			✓			
NB Davidson WWTP			✓			
Robinson Creek WWTP			✓			
Environmental Services			✓			
Commercial Collection				✓		
Solid Waste Disposal				✓		
Residential Collection				✓		
Recycling				✓		
Public Works						
Public Works Administration	✓					
Planning	✓					
GIS	✓					
Customer Service – Service Center	✓					
Engineering	✓					
Surveying	✓					
Central Inspection	✓					
Health Inspection	✓					
Construction Crew	✓					
Street Sweeping					✓	
Streets					✓	
Drainage Maintenance					✓	
Building Maintenance	✓					
Community Services						
Community Services Administration	✓					
Recreation	✓					
Parks Maintenance	✓					
Aquatic Center Operations	✓					
Cemetery	✓					
Airport						✓
Public Safety						
Public Safety Administration	✓					
Police	✓					
Fire	✓					
School Resource Officers						✓
Cultural Services						
Tourism						✓
Visitors Center						✓
Gift Shop	✓					
Main Street	✓					
Library	✓					
Arts Center						✓

Operating Budget Summary

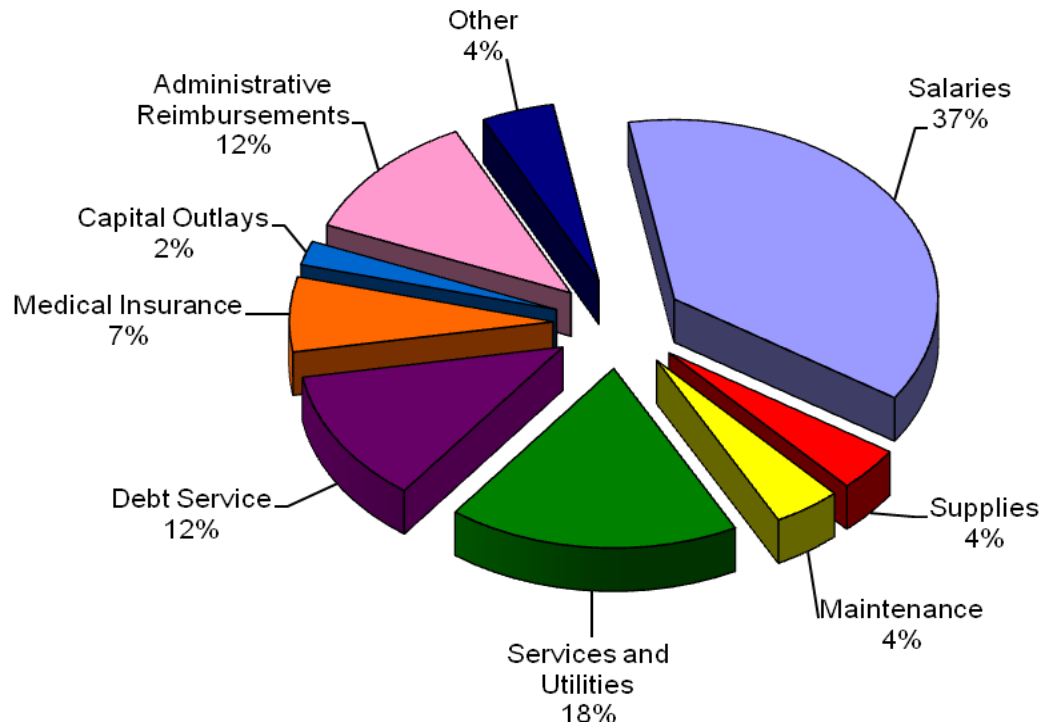
Where the Money Comes From...



Other Expenses Include:

Permits/Licenses/Development Fees	0.46%
Municipal Court Fines	1.46%
Fees/Charges/Sales	0.80%
Inter Governmental	1.32%
Interest Earnings	1.04%
Grants/Reimbursements/Contributions	0.59%
Other Revenues	0.83%
Utility Franchise Fees	3.80%
Hotel/Motel Taxes	1.10%
Right-of-Way Maintenance Charges	1.65%

Where the Money Goes...



Other Expenses Include:

Insurance/Sundry/Elections	1.90%
Programs/Projects	0.41%
Future Appropriations/Bad Debt	0.46%
Right-of-Way Charges	1.64%

* Excluding transfers

Operating Budget Summary

	General Fund	Debt Service Fund	Water Fund	Wastewater Fund	Solid Waste Fund
Beginning Fund Balance Oct. 1	5,944,761	30,956	3,208,183	2,020,731	842,061
Sources of Funds					
Revenues					
Property Taxes	2,590,000	2,043,000	-	-	-
Sales Taxes	6,610,000	-	-	-	-
Other Taxes	71,000	-	-	-	-
Permits/Licenses/Development Fees	223,850	-	-	-	-
Municipal Court Fines	682,440	-	-	-	-
Fees/Charges/Sales	249,000	-	87,000	-	2,021
Inter Governmental	246,487	-	-	-	-
Interest Earnings	154,292	16,978	102,538	121,065	29,602
Grants/Reimbursements/Contributions	185,644	-	-	-	4,805
Other Revenues	362,080	-	4,000	-	37,500
Water Revenues	-	-	10,290,136	-	-
Wastewater Revenues	-	-	-	8,166,875	-
Solid Waste Revenues	-	-	-	-	4,151,500
Health Insurance Payments	-	-	-	-	-
Utility Franchise Fees	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-
Total Revenues	11,374,793	2,059,978	10,483,674	8,287,940	4,225,428
Administrative Reimbursements	5,272,643	-	358,512	64,138	-
Right-of-Way Maintenance Charges	-	-	-	-	-
Operating Transfers In	317,515	-	-	-	-
Total Sources of Funds	16,964,951	2,059,978	10,842,186	8,352,078	4,225,428
Uses of Resources					
Expenditures					
Operating Expenses					
Salaries/Other Pay/Benefits	11,698,838	-	1,587,299	1,464,729	1,285,715
Supplies	850,915	-	227,782	180,362	366,154
Maintenance of Structures	121,650	-	177,300	352,700	65,500
Maintenance of Equipment	204,133	-	107,685	55,302	147,667
Services and Utilities	2,750,353	-	4,022,451	867,245	758,956
Insurance/Sundry/Elections	289,743	-	163,128	119,831	143,906
Programs/Projects	152,629	-	-	-	2,000
Debt Service	158,862	1,828,868	1,647,015	2,059,986	-
Capital Outlays	69,500	-	-	-	12,711
Future Appropriations/Bad Debt	81,646	-	-	43,000	100,000
Medical Insurance	-	-	-	-	-
Total Operating Expenses	16,378,269	1,828,868	7,932,660	5,143,155	2,882,609
Administrative Reimbursements	-	-	2,426,639	2,017,393	725,010
Right-of-Way Charges	-	-	366,929	290,078	147,890
Total Expenditures	16,378,269	1,828,868	10,726,228	7,450,626	3,755,509
Operating Transfers Out	847,009	158,862	189,303	528,514	435,601
Total Uses of Resources	17,225,278	1,987,730	10,915,531	7,979,140	4,191,110
Ending Fund Balance Sept. 30	5,684,434	103,204	3,134,838	2,393,669	876,379
Transfer to Capital	1,194,699	Not	755,945	892,473	182,000
Projected Reserve	4,489,735	Required	2,378,893	1,501,196	694,379

Street Special Revenue Fund	Other Special Revenue Funds	Internal Service Funds	Permanent Funds	Total Operating Budget
818,531	939,938	2,711,302	462,906	\$ 16,979,369
-	-	-	-	4,633,000
-	-	-	-	6,610,000
-	-	-	-	71,000
-	-	-	-	223,850
-	32,160	-	-	714,600
45,000	7,100	-	-	390,121
-	399,909	-	-	646,396
16,166	16,031	41,772	7,838	506,282
-	24,100	75,000	-	289,549
-	-	-	-	403,580
-	-	-	-	10,290,136
-	-	-	-	8,166,875
-	-	-	-	4,151,500
-	-	3,256,865	-	3,256,865
1,857,000	-	-	-	1,857,000
-	535,000	-	-	535,000
1,918,166	1,014,300	3,373,637	7,838	42,745,754
-	-	-	-	5,695,293
804,897	-	-	-	804,897
397,499	242,782	1,572,344	-	2,530,140
3,120,562	1,257,082	4,945,981	7,838	51,776,084
1,333,974	799,161	-	-	18,169,716
191,569	45,870	92,380	-	1,955,032
691,186	6,000	-	-	1,414,336
85,150	7,566	-	-	607,503
184,821	175,343	-	-	8,759,169
78,280	139,000	-	-	933,888
10,000	38,850	-	-	203,479
-	-	215,341	-	5,910,072
37,000	-	936,568	-	1,055,779
-	-	-	-	224,646
-	-	3,302,542	-	3,302,542
2,611,980	1,211,790	4,546,831	-	42,536,162
526,251	-	-	-	5,695,293
-	-	-	-	804,897
3,138,231	1,211,790	4,546,831	-	49,036,352
195,236	169,558	-	6,057	2,530,140
3,333,467	1,381,348	4,546,831	6,057	51,566,492
605,626	815,672	3,110,452	464,687	\$ 17,188,961
-	Not	Not	Not	
605,626	Required	Required	Required	

Operating Budget Summary

Three Year Historical

	07-08 Actual	08-09 Estimated	09-10 Adopted
Sources of Funds			
Revenues			
Property Taxes	4,725,610	4,613,369	4,633,000
Sales Taxes	6,072,299	6,400,000	6,610,000
Other Taxes	79,917	72,545	71,000
Permits/Licenses/Development Fees	313,952	237,810	223,850
Municipal Court Fines	756,398	701,355	714,600
Fees/Charges/Sales	314,083	393,783	390,121
Inter Governmental	494,634	622,171	646,396
Interest Earnings	872,054	390,050	506,282
Grants/Reimbursements/Contributions	245,316	418,620	289,549
Other Revenues	563,434	405,692	403,580
Water Revenues	10,372,120	10,437,136	10,290,136
Wastewater Revenues	8,384,391	8,020,000	8,166,875
Solid Waste Revenues	4,090,209	4,110,800	4,151,500
Health Insurance Payments	2,797,103	3,036,805	3,256,865
Utility Franchise Fees	1,417,688	1,465,000	1,857,000
Hotel/Motel Taxes	592,608	522,000	535,000
Total Revenues	42,091,816	41,847,136	42,745,754
Administrative Reimbursements	4,958,864	5,132,427	5,272,643
Right-of-Way Maintenance Charges	786,679	813,834	804,897
Operating Transfers In	5,070,243	2,878,892	2,952,790
Total Sources of Funds	52,907,602	50,672,289	51,776,084
Uses of Resources			
Expenditures			
Operating Expenses			
Salaries/Other Pay/Benefits	16,142,034	16,984,769	18,219,840
Supplies	1,676,107	1,708,483	1,955,292
Maintenance of Structures	1,097,106	1,202,749	1,414,336
Maintenance of Equipment	561,871	492,445	607,503
Services and Utilities	8,563,559	8,438,361	8,708,785
Insurance/Sundry/Elections	673,862	672,240	933,888
Programs/Projects	121,403	209,352	203,479
Debt Service	6,393,009	6,053,045	5,910,072
Capital Outlays	3,156,808	1,393,895	1,055,779
Future Appropriations/Bad Debt	188,608	226,485	224,646
Medical Insurance	2,709,575	2,602,000	3,302,542
Total Operating Expenses	41,283,942	39,983,824	42,536,162
Administrative Reimbursements	5,326,107	5,514,561	5,695,293
Right-of-Way Charges	786,679	813,835	804,897
Total Expenditures	47,396,728	46,312,220	49,036,352
Operating Transfers Out	4,145,505	2,659,200	2,530,140
Total Uses of Resources	51,542,233	48,971,420	51,566,492
Transfers to Capital	4,656,773	1,077,476	3,025,117

Summary of Transfers and Internal Charges

Summary of Operating Transfers

T O		General Fund	Court Security	Street Fund	Police SRO SRF	Visitor & Arts Center SRF	Capital Equipment	Computer Equipment	Insurance Fund	Airport SRF	General CIP	Total Out
F	General Fund	-	56,654	-	99,977	41,374	279,778	158,114	205,540	5,572	1,194,699	2,041,708
R	Debt Service Fund	158,862	-	-	-	-	-	-	-	-	-	158,862
O	Water Fund	20,488	-	-	-	-	67,150	75,830	25,835	-	755,945	945,248
M	Wastewater Fund	5,017	-	397,499	-	-	50,252	51,906	23,840	-	892,473	1,420,987
	Solid Waste Fund	3,379	-	-	-	-	384,667	26,629	20,926	-	182,000	617,601
	Street Fund	7,306	-	-	-	-	148,199	18,019	21,712	-	-	195,236
	SRO Fund	-	-	-	-	-	11,000	-	-	-	-	11,000
	Visitor & Arts	-	-	-	-	-	-	800	2,147	-	-	2,947
	Tourism & Visitors Cntr	116,406	-	-	-	39,205	-	-	-	-	-	155,611
	Cemetery Endowment	6,057	-	-	-	-	-	-	-	-	-	6,057
Total In		317,515	56,654	397,499	99,977	80,579	941,046	331,298	300,000	5,572	3,025,117	5,555,257

Summary of Administrative Reimbursements

T O		General Fund	Water Fund	Wastewater Fund	Total Out
F	Water Fund	2,362,501	-	64,138	2,426,639
R	Wastewater Fund	1,706,276	311,117	-	2,017,393
O	Solid Waste Fund	677,615	47,395	-	725,010
M	Street SRF	526,251	-	-	526,251
Total In		5,272,643	358,512	64,138	5,695,293

Summary of Medical Insurance Charges

T O		Medical Insurance	Total Out
F	General Fund	1,421,600	1,421,600
R	Water Fund	237,230	237,230
O	Wastewater Fund	228,500	228,500
M	Solid Waste Fund	178,155	178,155
	Court Security	8,500	8,500
	Street SRF	211,515	211,515
	SRO Fund	51,215	51,215
	Art Center SRF	17,050	17,050
Total In		2,353,765	2,353,765

Summary of Right-of-Way Maintenance Charges

T O		Street SRF	Total Out
F	Water Fund	366,929	366,929
R	Wastewater Fund	290,078	290,078
O	Solid Waste Fund	147,890	147,890
M	Total In	804,897	804,897



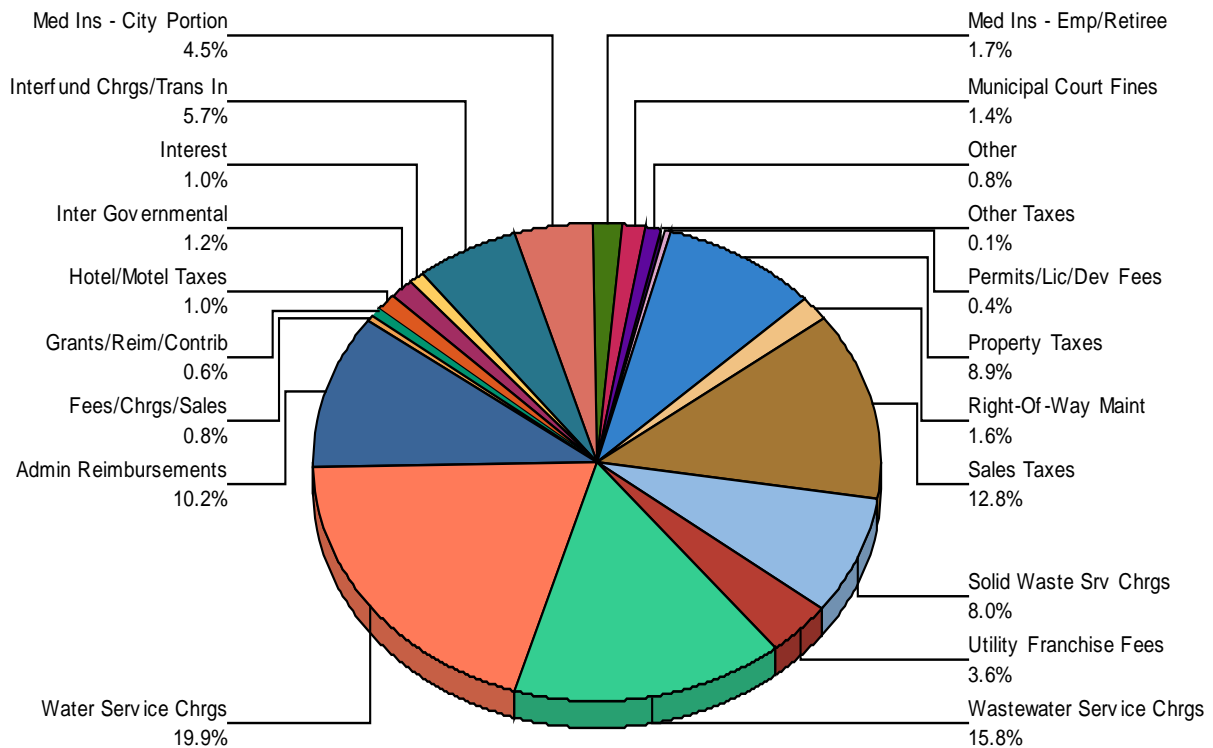
City of Huntsville
Fiscal Year 2009-2010 Budget



Revenues

The cornerstone of the City of Huntsville's annual budget is the projection of revenue expected for the coming fiscal year. Accurate revenue projections are an important element in budgeting because decisions on spending must be made within the limits of available funds. Revenues received by the City support the various services provided to the citizens of Huntsville. Accurate revenue projections allow sound management of our resources. The City of Huntsville practices a conservative approach to budgeting and employs various forecasting methods to ensure the most accurate revenue projections possible.

The City of Huntsville receives revenue from several different sources. The below graph shows the sources of income for the City of Huntsville for fiscal year 09-10 as budgeted:



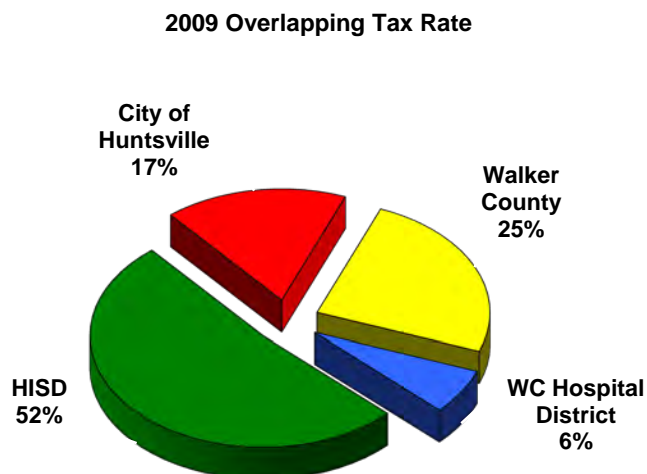
Property Taxes

Revenues from property taxes account for 9% of overall City revenues. Taxes are assessed on all property in the city except for certain property that is eligible for exemption such as state owned property. All exemptions from property tax are governed by Federal and State law. The Walker County Appraisal District assesses the value of property in Huntsville and processes applications for exemptions. Based on the total property valuation certified by the Appraisal District, the Huntsville City Council sets a tax rate that will provide sufficient revenue to support public safety services such as police and fire protection and community services such as parks, recreation, and library. The total tax rate set by Council includes a rate for debt service payments as well as a rate for general day-to-day maintenance and operations.

For fiscal year 09-10, the City Council approved maintaining the current tax rate of .4007. This rate is below the effective rate of .4132. The effective tax rate is the tax rate that provides the City with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property. For the second year in a row, the adopted tax rate of 40.07 cents per one-hundred dollars of assessed valuation is the lowest tax rate the City Council has adopted in the past ten years.

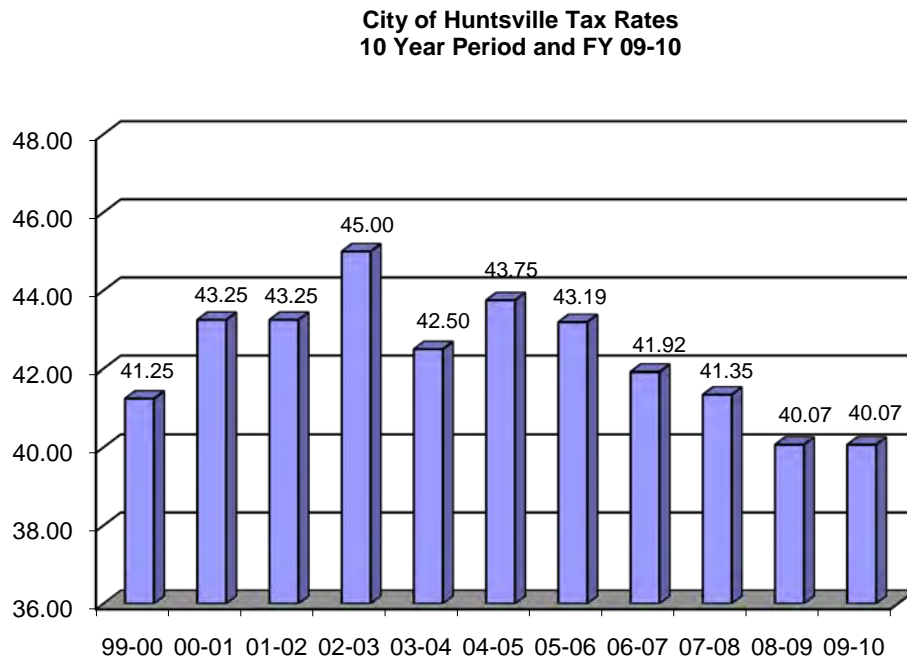
The City of Huntsville contracts with the Walker County Appraisal District for property tax billing and collections. Because property taxes are paid per one-hundred dollars of assessed property value, the amount of property tax levied by the City is calculated by dividing the total appraised value of property by one-hundred and then multiplying by the adopted tax rate. For example, property with an assessed value of \$100,000 would pay city taxes of approximately \$400 ($\$100,000/100 * .4007$).

The City is not the only jurisdiction that taxes property located in Huntsville. Other entities including Walker County, Huntsville Independent School District, and the Walker County Hospital District also levy a property tax. Most citizens of Huntsville pay only 17% of their total property tax bill to the City. The other 83% is collected by the other taxing jurisdictions. The below graph demonstrates each entity's portion of the overlapping tax rate:



An average citizen pays only 17% of their property tax bill to the City of Huntsville.

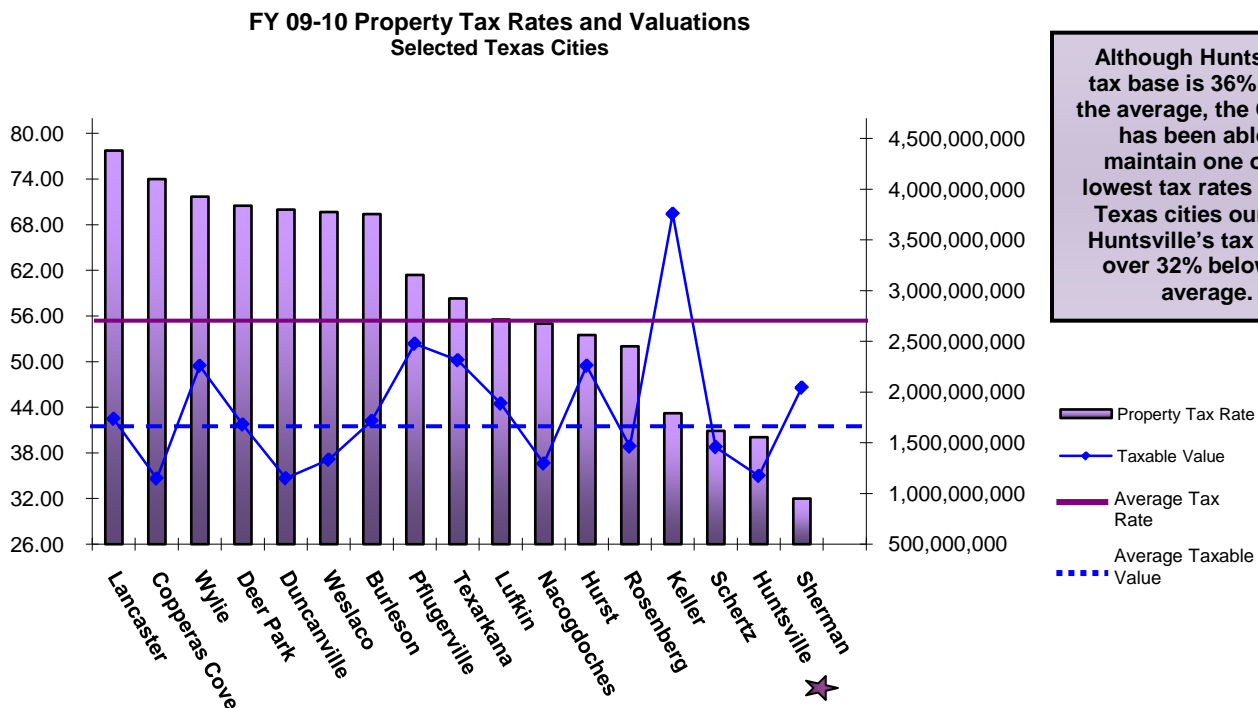
The below graph compares the current tax rate with the tax rates from ten prior years:



The City Council adopted the same tax rate as last year; below the effective rate of .4132.

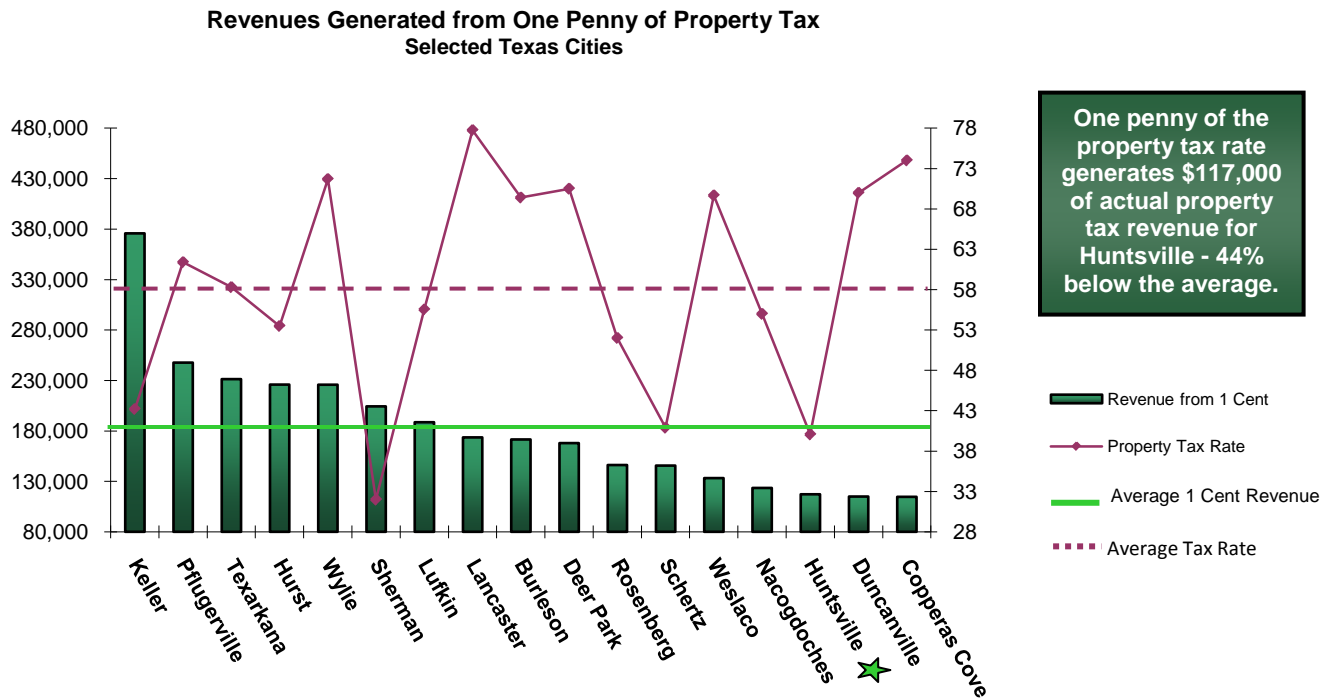
The City Council has been able keep the tax rate steady while continuing to provide excellent essential services to the citizens of Huntsville all while facing unique challenges in property tax management. Because several state institutions are located in Huntsville, including the Texas Department of Criminal Justice and Sam Houston State University, the total value of property subject to property tax is much lower in Huntsville than in other communities comparable in population. The City of Huntsville is still able to maintain one of the lowest property tax rates of all Texas cities with populations between 30,000 and 40,000 even though Huntsville has one of the lowest taxable valuations within that group.

The below graph shows the taxable valuations and the tax rates of selected Texas cities with populations between 30,000 and 40,000:



Although Huntsville's tax base is 36% below the average, the Council has been able to maintain one of the lowest tax rates among Texas cities our size. Huntsville's tax rate is over 32% below the average.

Huntsville's total taxable property valuation of \$1,171,742,739 is 36% below the average valuation of these cities, but Huntsville's tax rate is over 32% below the average tax rate. Because taxes are collected based on property value and Huntsville's total taxable property value is so low, Huntsville collects significantly less actual dollars in tax revenue per penny of the tax rate than most other Texas cities of comparable size. Each penny on Huntsville's tax rate generates approximately \$117,000 in revenue for City services. In contrast, each penny on Sherman's tax rate generates approximately \$204,000 in revenue for their city services (excluding an uncollectible allowance). So, even though Sherman's tax rate is 20% lower than Huntsville's, Sherman collects 28% more in property tax revenue per penny of tax than does Huntsville. The below graph shows the tax revenue generated from one penny on the property tax rate of selected Texas cities with populations between 30,000 and 40,000:



Because of relatively low taxable property value, Huntsville indeed faces a challenge in keeping property taxes low and quality of essential services high. With sound management of our resources and strategic, long-range planning, this task can be accomplished.

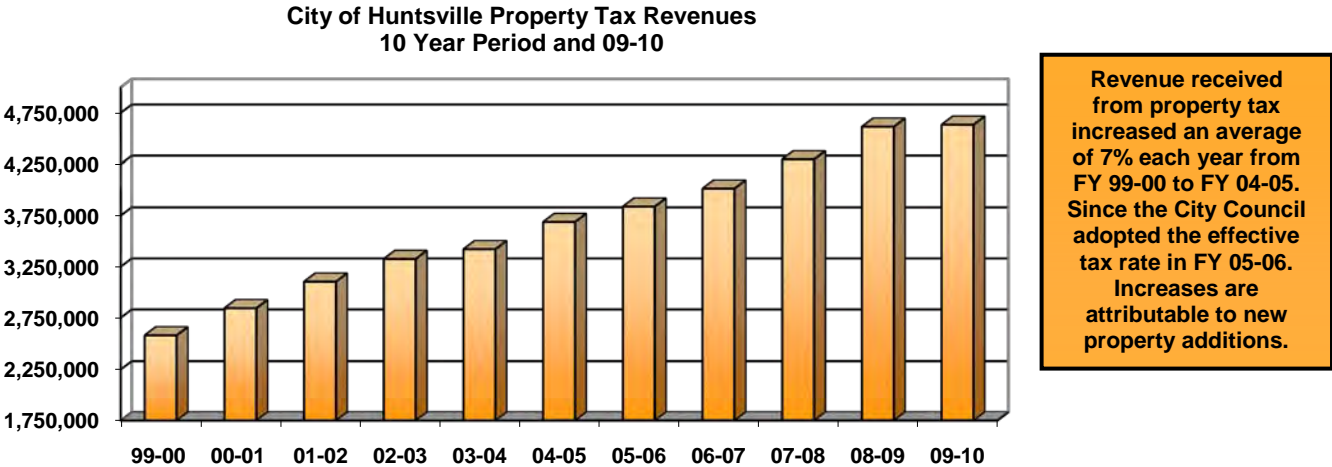
The preparation of our budget for property tax revenue begins with the receipt of the certified tax roll from the Walker County Appraisal District. Information about Huntsville's total existing and new property value eligible for taxation is included in the documentation received from the Appraisal District. The Appraisal District also calculates the effective tax rate that will provide the City with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property.

The Huntsville City Council is committed to keeping the property tax rates in Huntsville among the lowest in Texas and in recent years every effort has been made to reduce the tax rate to the effective rate. In accordance with this effort, our budget for property tax revenue is derived by applying the effective tax rate to the certified taxable property valuation. Based on our historical trends, a provision is made for property tax that is owed but not paid on time or not paid at all. The actual collection rate is traditionally fairly high and we expect to collect at least 97.5% of what is owed. Additionally, the City Council passed an ordinance in 2004 that freezes tax payments to the amount of taxes paid in fiscal year 04-05 for citizens who are at least 65 or disabled. The Appraisal District calculates this tax freeze and its influence on the effective tax rate.

The City Council adopted the effective tax rate in fiscal years 05-06, 06-07, 07-08, and 08-09. However, for FY 2009-10, the City Council adopted a tax rate below the effective rate of .4132. Even though the taxable property value in Huntsville has risen 34% since fiscal year 04-05, the amount of property tax revenue collected by the City has remained the same as in fiscal year 04-05, except for the additional revenue generated from new property. It should be noted that although, overall,

the City will collect the same amount of taxes from existing property as it did the year before, an individual taxpayer may see a change in their tax bill. If the valuation of an individual taxpayer's property increased at a rate higher than the average overall rate, their tax bill is likely to be slightly higher this year than it was last year. If it increased at a rate lower than the average overall rate or not at all, their tax bill is likely to be slightly lower than it was last year.

Inflation and the rising cost of doing business affects city government just as it does businesses and individuals. The Municipal Cost Index shows that the average cost of providing city services has risen by 6% over the past three years. Huntsville has been able to absorb these ever rising costs while still collecting the same amount of tax revenue from existing properties in fiscal years 05-06, 06-07, 07-08, and 08-09 as it did in fiscal year 04-05. This has been possible in large part through additional property tax revenues from new property and increasing revenues from sales tax. The below graph shows the actual property tax revenue received by the City of Huntsville over the past ten years and the revenue projected for fiscal year 09-10:



The average yearly increase in property tax revenue in fiscal years 99-00 through 04-05 was 7%. In fiscal years 05-06 through 08-09, the years the City Council adopted the effective rate, the average yearly increase was just 5% and is solely the result of the additional revenue received from new property, except in 07-08 when \$350,000 was collected in protested taxes. This amount is reserved and not considered available for appropriation.

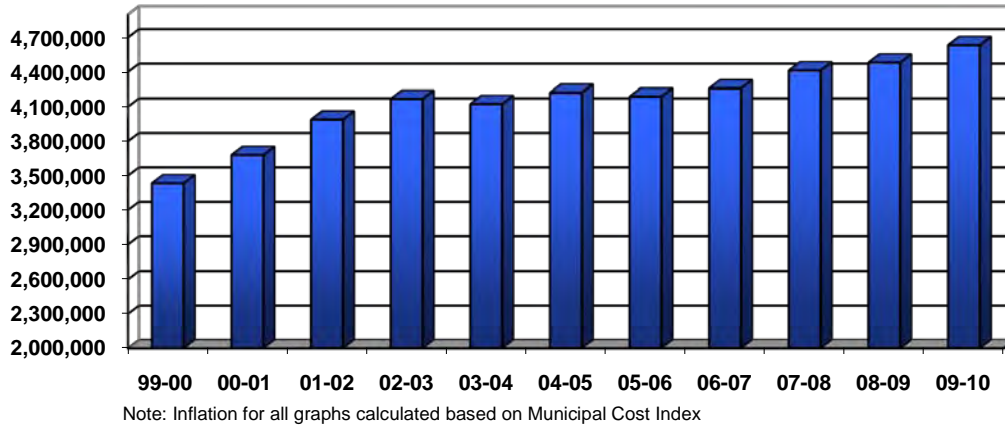
This year's property tax rate is below the effective rate and additional revenue is expected to increase only .43%, with new property making up a budget deficit from prior year tax abatement and increased value in free trade zones after budget adoption.

When the effective rate is adopted, the same amount of revenue is collected as in the prior year from existing property and the additional revenue needed to support the inflated cost of providing city services at current levels must be obtained either through growth and the addition of new taxable property in the community or from increases in other revenue sources such as sales tax.

With the cost of gasoline, utilities, construction materials, healthcare, and so many other daily expenses ever increasing, one-hundred dollars does not have the same purchasing power today as it did last year. In order to evaluate the effect inflation has on Huntsville's ability to provide excellent city services using our limited resources we must consider the purchasing power of the property tax revenues we received in recent history in terms of today's dollar values.

The graph on the following page shows property tax revenue received by the City of Huntsville over the past ten years inflated to current value and the revenue projected for fiscal year 09-10:

**City of Huntsville Property Tax Revenues
Inflated to Current Value
10 Year Period and FY 09-10**



While facing stagnant or declining purchasing power, the City of Huntsville continues to provide quality basic services at sustained or increasing levels year after year.

Inflation outpaced the increase in property tax revenue the City received in fiscal year 05-06 (the first year the City Council adopted the effective tax rate). In fiscal year 06-07, additional revenue generated from new property narrowly offset the effects of inflation. Even with stagnant or declining purchasing power, the City of Huntsville continues to provide quality services at sustained or increasing levels year after year. The City of Huntsville is providing improved basic service quality and quantity with fewer resources than in years past. The City Council and staff strives everyday to manage the property tax revenue and rates in an effective manner and provide the Citizens of Huntsville with better service for less money.

The below table shows total property tax revenue received in prior years and property tax revenue budgeted for fiscal year 09-10 for both General and Debt Service Funds:

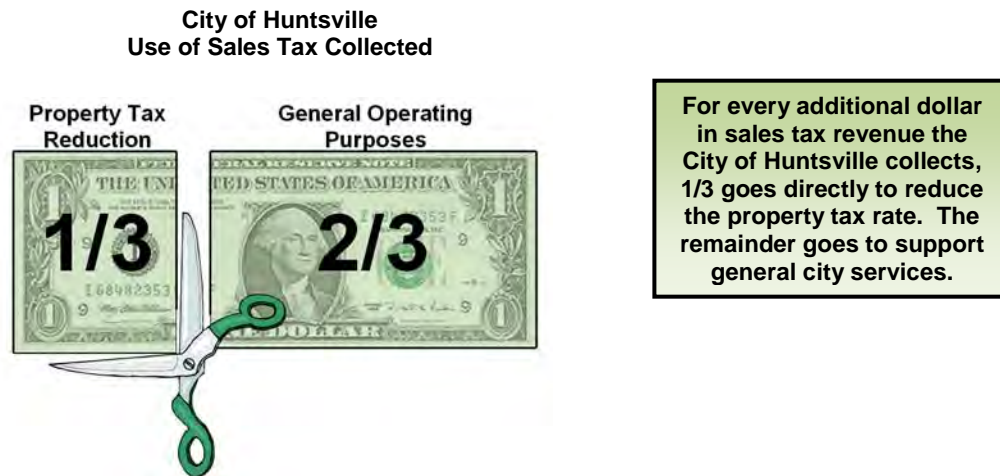
Property Tax Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Current	3,837,143	3,952,000	4,294,867	4,485,000	4,486,369	4,500,000
Delinquent	77,817	82,000	280,744	82,000	80,000	82,000
Penalty & Interest	66,579	60,000	149,999	50,500	47,000	51,000
Total	3,981,539	4,094,000	4,725,610	4,617,500	4,613,369	4,633,000

Sales Taxes

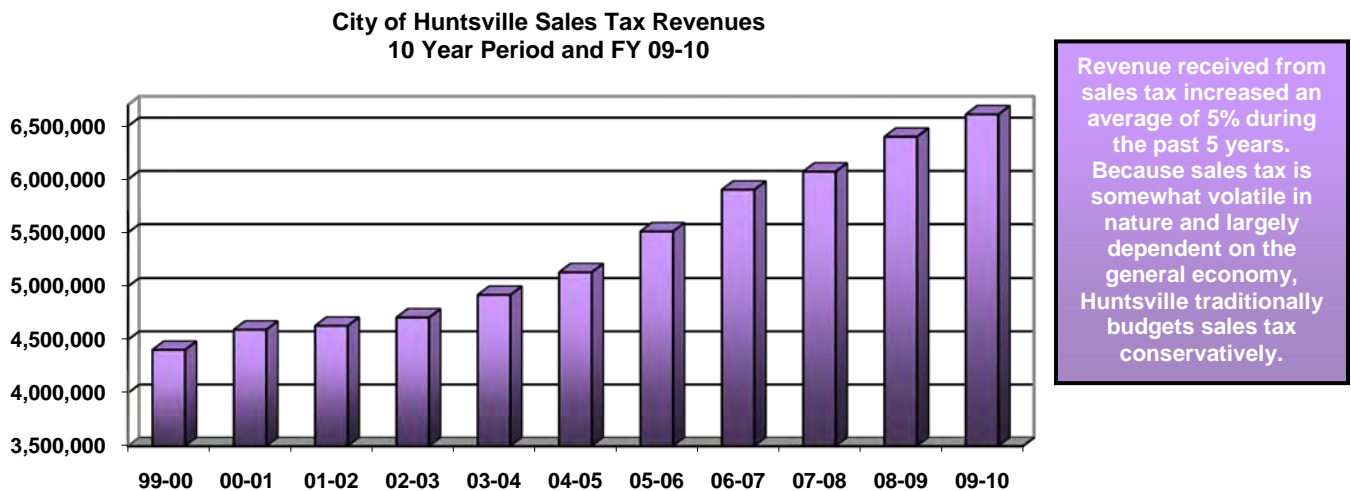
The sales tax is used for general operating purposes. Revenues from sales taxes account for 13% of overall city revenues. All taxable sales in Huntsville are charged a sales tax at a rate of 8.25%. The City of Huntsville receives 1.5% of the 8.25% sales taxes that are remitted by retailers in the city limits, the State of Texas retains 6.25%, and Walker County receives 0.5%. The Texas Legislature gave voters in Texas cities the option of increasing local sales taxes from one cent to one and one-half cent in order to provide property tax relief. Voters in Huntsville approved the sales tax option in August 1987 and the additional one-half cent sales tax began to be collected in January 1988. As a result of this additional half cent, property tax rates for FY 2009-10 were able to be kept lower by \$0.19 per \$100 valuation (\$190 on a \$100,000 home). Every dollar of sales tax revenue the city receives is used to support general operating services such as police and fire protection, parks, recreation, and library.

The below graph demonstrates the City of Huntsville's use of sales tax revenue:



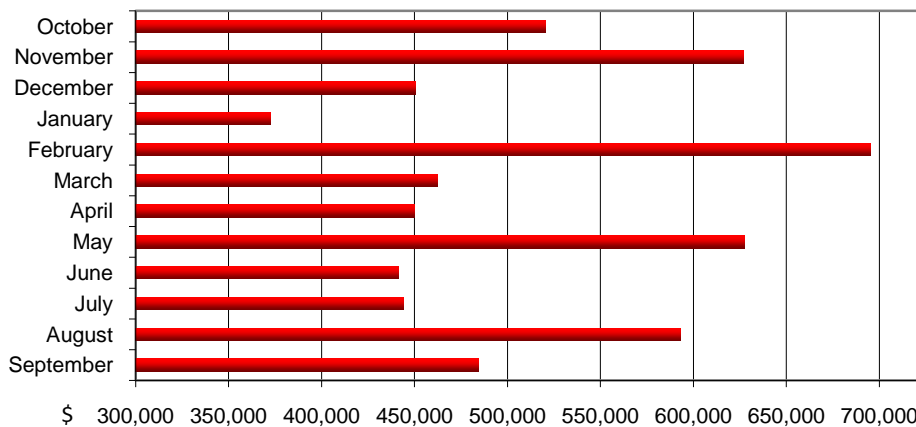
The preparation of our budget for sales tax revenue begins with a review of Huntsville's historical sales tax revenue collection trends. Because sales tax revenue is somewhat volatile in nature and is dependent on the general economic conditions of the region and nation, the City of Huntsville has traditionally budgeted sales tax revenue conservatively. The average yearly increase in sales tax revenue over the past ten years was 4.2%. However, in fiscal years 01-02 and 02-03, the years immediately following the terrorist attacks of September 11, 2001, the average increase in sales tax revenue was just 1.3%. In the most recent two years the average increase was 3.9%. In line with the historical average increases and taking into consideration the rate of increase in the most recent years, the fiscal year 09-10 sales tax revenue budget was increased by 8%, which reflects actual increases and parallels estimates. In the past, the budget has conservatively lagged actual collections by about 3%.

The below graph shows the actual sales tax revenue received by the City of Huntsville over the past ten years and the revenue budgeted for fiscal year 09-10:



The fact that sales tax revenue is closely associated with the general economy is easily observed when examining the monthly sales tax revenue collection trends. Sales tax revenue receipts climb sharply in months following traditionally active retail seasons such as Christmas, Easter, back-to-school, and the start of summer travel. The graph on the following page demonstrates the cyclic nature of sales tax and its close association with the general economy: (Note: The City of Huntsville's receipt of sales tax revenue lags approximately two months behind the date of actual sale.)

**City of Huntsville
Monthly Sales Tax Receipt Cycle
(FY07-08 Actuals)**

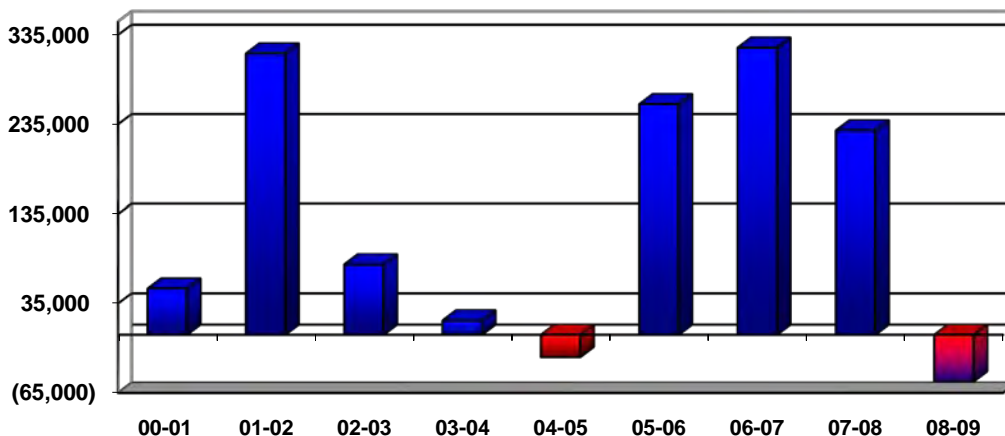


Sales tax revenue is closely associated with the general economy. Huntsville's sales tax receipts increase sharply in months following traditionally active retail seasons.

Sales tax is an extremely important source of revenue for the City of Huntsville. Huntsville's relatively low property tax base, the rising cost of providing city services due to inflation, and the adoption of the effective tax rate make a continuously increasing sales tax revenue stream an essential component in the success of the City Council's efforts to keep the property tax rates in Huntsville among the lowest in Texas. Inflation causes each revenue dollar Huntsville receives to lose more purchasing power year after year. In order for the City of Huntsville to continue to provide city services at current levels, collecting the same amount of revenue as in the prior year is not sufficient. Enough additional sales tax revenue must be generated in order to keep pace with the inflated cost of providing services to Huntsville citizens and must supplement the loss of purchasing power of static property tax revenue when the effective rate is adopted.

To evaluate if Huntsville's sales tax revenue is able to keep pace with the effect of inflation, the net gain or loss of the purchasing power of Huntsville's sales tax revenues and property tax revenues combined must be considered. A net gain indicates that Huntsville's sales tax revenue was able to keep pace with inflation, cover any loss of purchasing power in property tax revenue due to the adoption of the effective rate, and provide additional revenue for general operating purposes. A net loss indicates that Huntsville's sales tax revenue was not able to keep pace with inflation and cover the loss of purchasing power in property tax revenue due to the adoption of the effective rate. The below graph shows the net gain or loss in purchasing power in terms of current dollar value of the property tax revenue and sales tax revenue received by the City of Huntsville over the past nine years:

**City of Huntsville Property and Sales Tax
Net Gain or Loss when Inflated to Current Value
9 Year Period**



For the most part, Huntsville's sales tax revenue has been able to keep pace with inflation and cover any purchasing power loss from adoption of the effective property tax rate.

The below table shows total sales tax revenue received in prior years and sales tax revenue budgeted for fiscal year 09-10 for General Fund:

Sales Tax Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Sales Tax	5,511,005	5,902,324	6,072,299	6,111,000	6,400,000	6,610,000
Total	5,511,005	5,902,324	6,072,299	6,111,000	6,400,000	6,610,000

Mixed Drink Taxes

Revenues from mixed drink taxes account for 0.14% of overall city revenues. A tax is assessed on all mixed drinks sold within the city limits of Huntsville. The mixed drink tax revenue budget is prepared based on Huntsville's historical collection trends. The average yearly increase in mixed drink tax revenue over the past nine years was 5%. The fiscal year 09-10 mixed drink tax budget was not increased from the previous year.

The below table shows total mixed drink tax revenue received in prior years and mixed drink tax revenue budgeted for fiscal year 09-10 for General Fund:

Mixed Drink Tax Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Mixed Drink Tax	59,106	67,302	78,419	70,000	70,000	70,000
Total	59,106	67,302	78,419	70,000	70,000	70,000

Municipal Court Fines

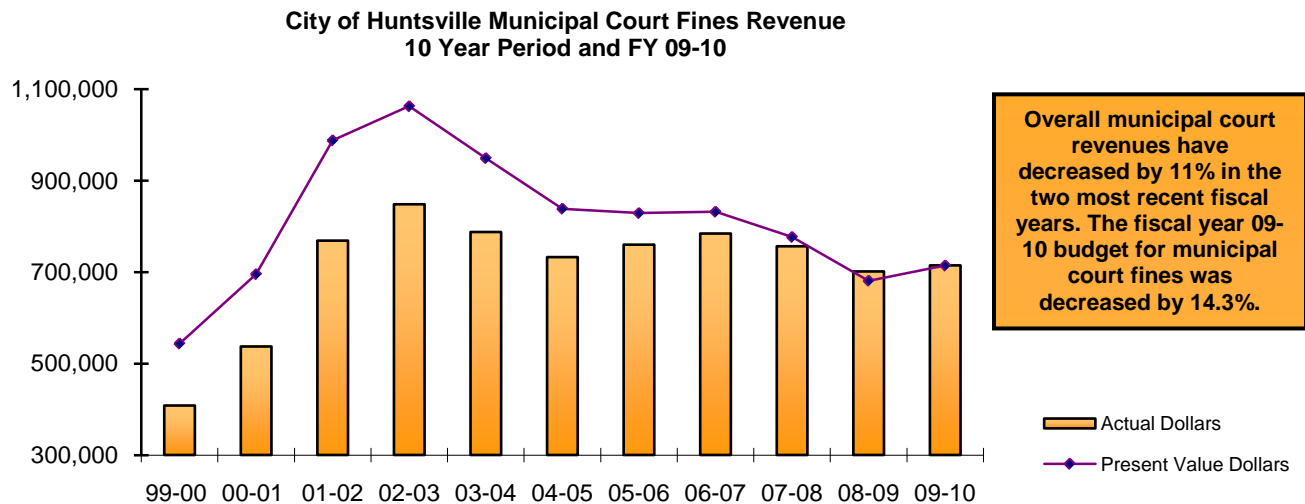
Revenues from municipal court fines account for 1.38% of overall city revenues. The City of Huntsville Municipal Court is presided over by the City Judge, who is appointed by the City Council. The Municipal Court handles violations in accordance with State law and City ordinances and collects fines that are established by the City Judge. The City contracts with a commercial collection agency to trace and collect fines that are uncollectible by the Municipal Court.

The preparation of our budget for municipal court fines revenue begins with a review of Huntsville's historical court revenue collection trends. From fiscal years 99-00 to 02-03 court fines increased by 108% but have since experienced a 17% decline from the fiscal year 02-03 high of \$848,237 to estimated actual collections in fiscal year 08-09 of \$701,355. Revenue from municipal court fines is volatile and many factors affect the amount of revenue collected each year by the Court. Staffing levels and vacancies in the police department and prosecutors office affects the number of cases filed and prosecuted each year. Judgments entered and defendant's compliance with court orders also has an effect.

State law allows Texas cities the option of collecting an additional five dollar fine on each conviction in order to offset the cost of salary expense for a juvenile case coordinator position. Beginning in fiscal year 06-07 the Huntsville City Council chose to enact the new fine and approved the addition of a juvenile case coordinator position to oversee and maintain case files, court procedures, parent notification and contact for juvenile cases. This new fine provided approximately \$15,000 in additional court fine revenue in fiscal year 06-07 and is expected to provide approximately \$23,000 in court fine revenue in fiscal year 09-10. Municipal court revenues have decreased 8.9% since fiscal year 06-07.

In fiscal year 06-07, the position of Marshal was added for court security and to enhance fine collection. The fiscal year 08-09 budget accounted for a rising but stabilizing trend and the first full year for the fully equipped Marshal position. Taking into consideration the many factors affecting this revenue source, including the rate of increase in the most recent years, the fiscal year 09-10 budget for municipal court fines was decreased by 14.3%.

The below graph shows the actual municipal court fine revenue and the present value of the revenue received by the City of Huntsville over the past ten years and the revenue budgeted for fiscal year 09-10 :



The below table shows total municipal court fines revenue received in prior years and revenue budgeted for fiscal year 09-10 for General, Court Security, and Court Technology Funds:

Municipal Court Fine Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Municipal Court Fines	724,177	750,179	723,712	799,000	668,285	682,440
Court Security Fines	15,314	14,604	14,008	15,000	13,750	14,160
Court Technology Fines	20,421	19,472	18,678	20,000	19,320	18,000
Total	759,912	784,255	756,398	834,000	701,355	714,600

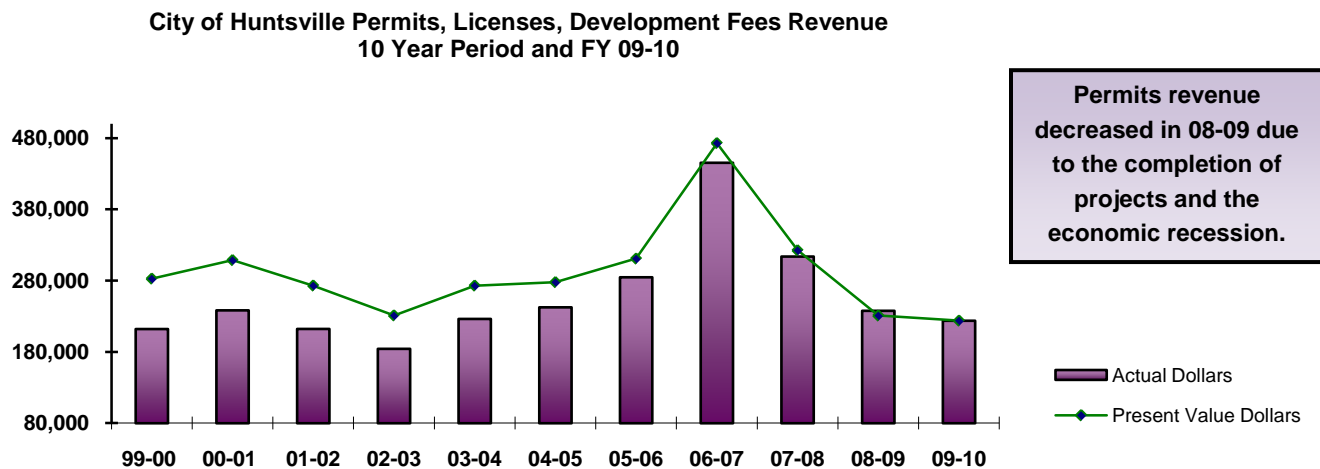
Permits, Licenses, Development Fees

Revenues from permits, licenses, and development fees account for 0.4% of overall city revenues. The City administers various permits, licenses, and development fees. Permits issued by the City include building, electrical, refrigeration, plumbing, wrecker, taxi, food establishment, and public improvement. Licenses including electrical, sign contractors, construction trade, liquor, beer, and wine are monitored by the City. The permits, licenses, and development fee revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from the City's Public Works Department staff.

The average yearly increase in revenue from this source from fiscal year 99-00 through 05-06 was 3.5%. In fiscal year 03-04, fees for development related services were charged for the first time and in fiscal year 05-06, fees for construction trade licenses and public improvement permits were charged for the first time. When the revenue from these additional fees is excluded, the average yearly revenue decreased over the same time period to -.02%. Fiscal year 06-07 saw a 56% increase

in revenues received from permits, licenses, and development fees due to increased construction activity. Construction remained strong in 07-08. Permit revenue decreased in 08-09 due to the completion of projects and the economic recession. A Target store opened in a new retail development (completed in 2009) and several new apartments and hotels were completed.

The below graph shows the actual permits, licenses and development fee revenue and the present value of the revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10 :



The below table shows total permits, licenses, and development fee revenue received in prior years and revenue budgeted for fiscal year 09-10 for the General Fund:

Permits, Licenses, Development Fee Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Licenses	20,120	24,444	28,237	24,500	18,000	20,000
Permits	251,958	411,252	272,619	255,000	210,100	193,800
Development Fees	12,781	9,873	13,095	9,750	9,710	10,050
Total	284,859	445,569	313,951	289,250	237,810	223,850

Water Service Charges

Revenues from water service charges account for 20% of overall city revenues. The City of Huntsville provides treatment and distribution of water to the residents, businesses, and visitors of Huntsville as well as for Texas Department of Criminal Justice facilities, Sam Houston State University facilities, and industrial users such as Tenaska. Except for contractual customers, both residential and commercial customers are charged a water rate based on their meter size and amount of water used. There is a minimum bill based on meter size and a volume charge for water used in excess of 3,000 gallons.

The rate structure for Tenaska, an electric cogenerating plant, is established by contract. Tenaska pays to the City the amount of annual debt service payments on improvements at the surface water treatment plant that were required in order to provide the quantity of water used by Tenaska. In addition, Tenaska pays a fixed payment of \$450,000 plus the cost of the purchase and treatment of the actual amount of water used. For fiscal year 09-10, the City Council agreed to lower the base water rate for residential customers by \$2.

The below table shows the rate schedule for City of Huntsville water service:

City of Huntsville Water Rates

Minimum Bill

Based on meter size

Usage Charges

Based on gallons used

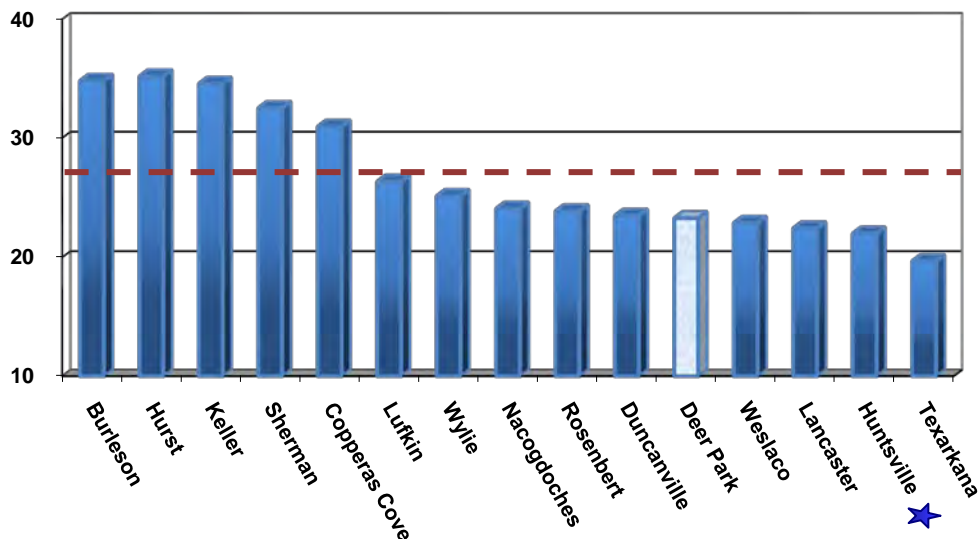
<u>Meter Size</u>	<u>Rate Charged</u>	<u>Single Family Residential</u>	
0.75	\$ 13.00*	<u>Gallons Used</u>	<u>Rate Charged</u>
1.00	19.00		
1.50	25.00	Under 3,000	See Minimum Bill
2.00	41.50	3,000 – 12,999	\$2.25 per 1,000 gallons
3.00	163.00	Over 13,000	\$2.64 per 1,000 gallons
4.00	208.00		
6.00	313.00		
8.00	433.00		
		<u>Commercial</u>	
		<u>Gallons Used</u>	<u>Rate Charged</u>
		Under 3,000	See Minimum Bill
		Over 3,000	\$2.64 per 1,000 gallons

* \$2.00 reduction in FY 09-10

The City Council and City staff have worked diligently to keep water rates in Huntsville low, quantity of water sufficient, and quality of water and service high. Water distributed by the City of Huntsville exceeds all the standards set by the Texas Commission on Environmental Quality (TCEQ) and has been awarded the Superior Water Systems rating by the TCEQ. The City of Huntsville is able to maintain among the lowest water rates in Texas cities similar in population to Huntsville while providing an excellent quality of water and service to Huntsville water customers.

The below graph shows the residential costs for 7,000 gallons of water in selected Texas cities with populations between 30,000 and 40,000:

Residential Charge for 7,000 Gallons of Water
Selected Texas Cities



The residential charge for 7,000 gallons of water in Huntsville is \$22.00; 21% below the average.

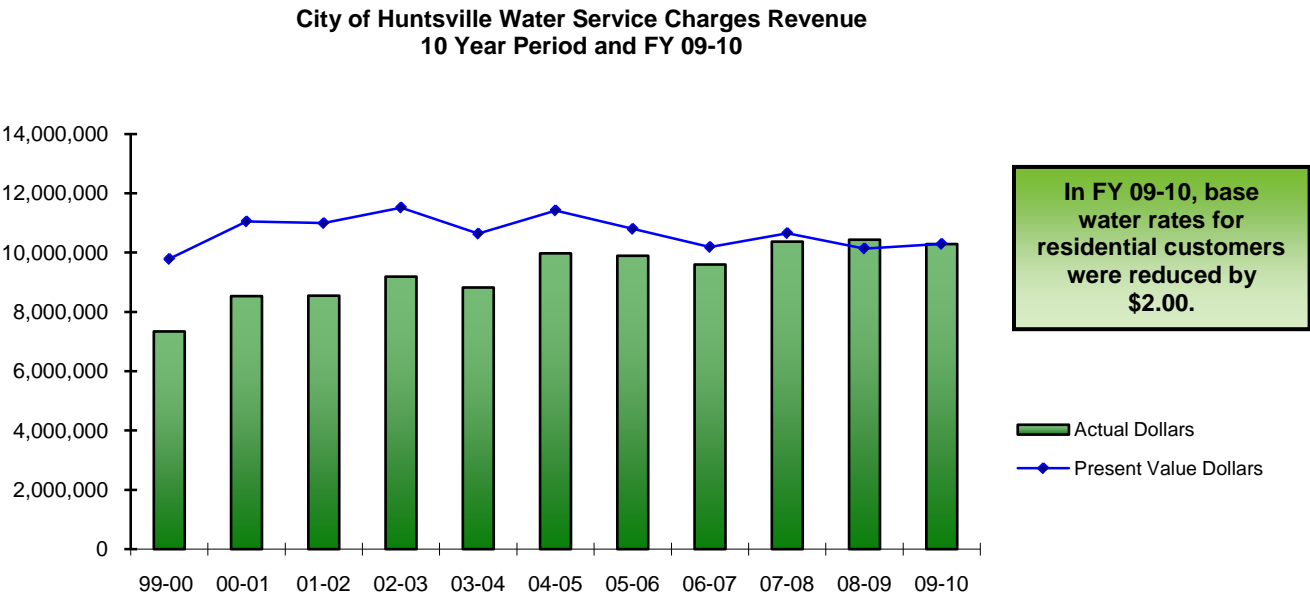
Compared to other Texas cities similar in size, Huntsville's water rates are extremely competitive. The cost for 7,000 gallons of water to a residential customer in Huntsville is \$22 and is 21% below the average charge from these cities. The City of Huntsville is able to provide outstanding water service to its customers while maintaining affordable water rates.

The preparation of our budget for water service revenue begins with a review of Huntsville's historical water service revenue collection trends. Because charges for water service are comprised of two components - a minimum base charge and a consumption charge - the water service revenues received by the City of Huntsville are affected not only by the total number of current water customers but also by the amount of water consumed by those customers. As the population of Huntsville grows, so does the demand for and usage of water. But population growth is not the only factor that affects how much water is consumed in Huntsville. The water systems in Huntsville supplies water not only to those who live in our city, but also to those who conduct business, attend school, or travel through Huntsville.

Weather conditions also affect consumption patterns. During years when rainfall is scarce and temperatures are hot, both water consumption and revenue climb. During years when rainfall is more plentiful, consumption is not as high and less revenue is collected. Because weather conditions are largely unpredictable, the City of Huntsville budgets water revenue conservatively. The average yearly increase in water service revenue over the past ten years was 4%. During fiscal year 06-07, the City of Huntsville experienced higher than normal rainfall contributing to less water use for irrigation purposes and as a result water service revenues collection saw a 3% decline from actual collections in fiscal year 05-06.

Inflation affects the purchasing power of water service revenue just as it does property tax, sales tax, and all sources of revenue for the City of Huntsville. As inflation rises, the purchasing power of water service revenue falls. The City Council and City staff of Huntsville endeavor to ensure the delivery of high quality water while maintaining low water rates, all while battling against the rising cost of providing service. The fiscal year 09-10 water service revenue budget was increased approximately 3.1% from prior year budget, reflecting estimates.

The below graph shows both the actual and present value of the water service revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10:



The below table shows total water service charges revenue received in prior years and revenue budgeted for fiscal year 09-10 for the Water Fund:

Water Service Charges Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Water Sales	9,786,855	9,506,969	10,259,586	9,884,838	10,341,136	10,198,136
Water Taps	55,344	49,873	63,325	52,000	51,000	52,000
Late Payment Penalties	52,735	42,794	49,208	45,000	45,000	40,000
Total	9,894,934	9,599,634	10,372,119	9,981,838	10,437,136	10,290,136

Wastewater Service Charges

Revenues from wastewater service charges account for 16% of overall city revenues. The City of Huntsville provides the collection and treatment of wastewater for the residents, businesses, and visitors of Huntsville as well as for Texas Department of Criminal Justice facilities and Sam Houston State University facilities. Because wastewater usage is not metered for most customers, charges for wastewater service are based on water usage. Water that is flushed and drained enters the City of Huntsville's wastewater system and is treated in one of Huntsville's wastewater treatment plants. Both residential and commercial customers are charged a wastewater rate that includes a minimum base bill and a consumption charge for amount of water used. For residential customers, the consumption charge is based on the average volume of water used in the winter months of November, December, January, and February in order to adjust for seasonal water usage for outdoor irrigation purposes. For commercial customers the consumption charge is based on actual volume of water used each month.

The table below shows the rate schedule for City of Huntsville wastewater service:

City of Huntsville Wastewater Rates

Minimum Bill

<u>Customer Type</u>	<u>Rate Charged</u>
Residential	\$13.00*
Commercial	15.00

Usage Charges

Based on Gallons of Water Used

Single Family Residential and Commercial

<u>Gallons Used</u>	<u>Rate Charged</u>
Under 2,000	See Minimum Bill
Over 2,000	\$4.87 per 1,000 gallons

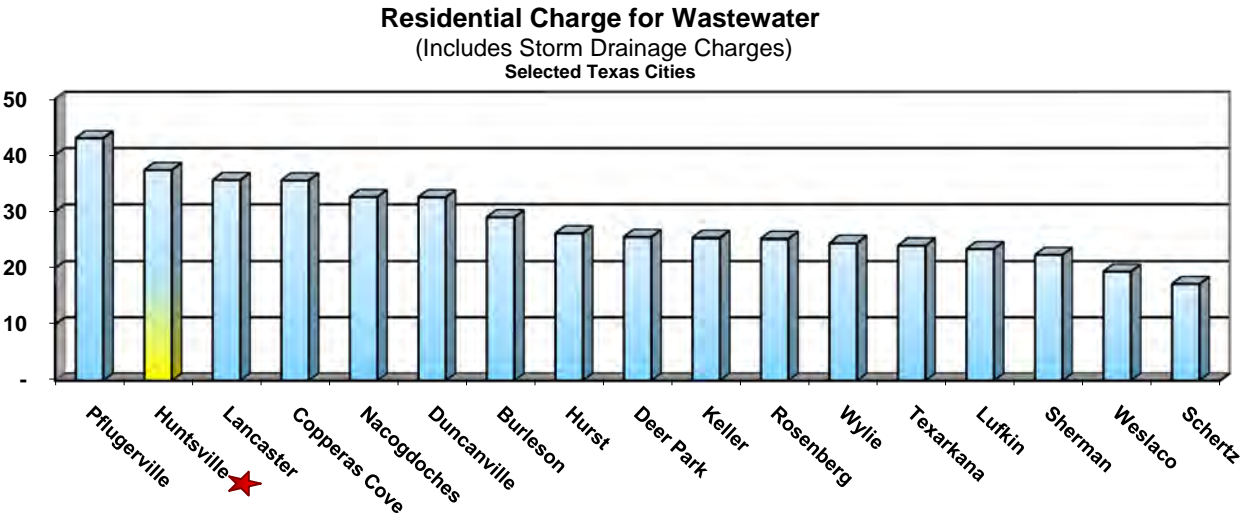
* \$2.00 reduction for FY 09-10

The Huntsville City Council is committed to providing high quality service to its citizens at the lowest possible cost. As such, for fiscal year 09-10, the City Council agreed to decrease the base rate for residential customers from \$15 to \$13. Huntsville's beautiful topography of seven hills and seven streams creates a stunning natural setting enjoyed by those who call Huntsville home, but it also causes wastewater service in Huntsville to be more expensive than most other similarly populated cities in Texas. Wastewater collection systems consist of buried pipelines that transport sewage to a wastewater treatment plant where it is treated to reduce the level of contaminants it contains. Whenever possible wastewater systems employ the force of gravity to transport sewage from homes and businesses to centralized treatment plants, but gravity cannot cause sewage to flow uphill. When a wastewater line reaches the base of a hill a lift station must be installed to "lift" sewage to a higher elevation where it can then continue to flow by gravity to the treatment plant.

The topography of a community is a major factor in determining the number of lift stations that must be used. Communities with many hills such as Huntsville require many lift stations to be operated as part of the wastewater collection system and as a result the cost of wastewater service is higher. The City of Huntsville operates 27 lift stations as part of the wastewater collection system, but the average number of lift stations operated by Texas cities similar in population is just 17. The number of wastewater treatment plant facilities a city must operate also effects wastewater service costs. When a treatment facility nears its daily flow capacity, a city must construct another treatment facility or expand an existing facility.

The debt resulting from expansion of treatment capacity contributes to higher wastewater service costs. Along with infrastructure considerations, many additional factors must be taken into account when comparing the costs of wastewater service among cities. Methods of calculating sewer charges vary from city to city and caution must be used to ensure the comparison is not skewed. Minimum base costs, gallons included in minimum, consumption charges per gallon, and whether or not a city practices winter averaging must be considered when performing a comparison.

The graph on the following page shows the residential costs for wastewater service in selected Texas cities with populations between 30,000 and 40,000. (Because using a winter averaging method typically reduces the amount of gallons of wastewater a Huntsville customer is billed for on an annual basis to at least 80% of actual annual water consumption, the cities who use actual water consumption are based on 7,000 gallons of water usage and cities who use a winter averaging method are based on 80% of that volume.)



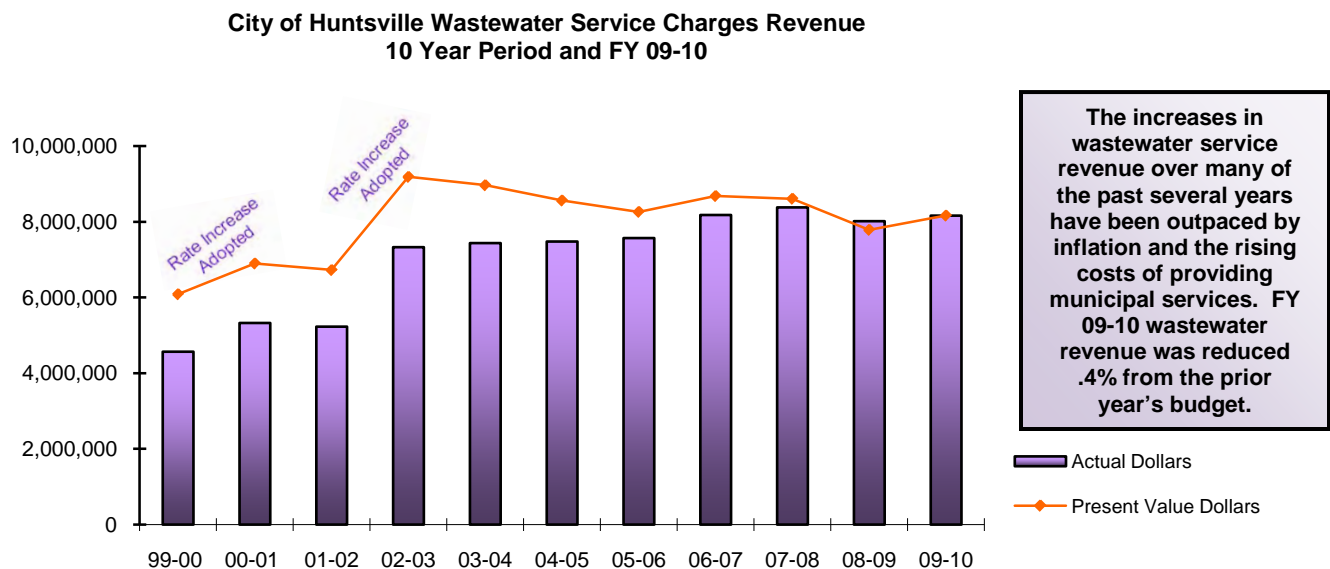
The preparation of our budget for wastewater service revenue begins with a review of Huntsville's historical wastewater service revenue collection trends. Charges for wastewater service are comprised of two components- a minimum charge and a consumption charge based on the amount of water used. For most customers wastewater consumption is calculated from water usage. Wastewater service revenue, like water service revenue, is affected by total current wastewater customers and also by amount of water consumed by those customers. Although wastewater revenue trends and water revenue trends are related, significant differences do exist between them.

Not all City of Huntsville water customers are also served by our wastewater system. Additionally, residential customers are charged a wastewater rate based on average winter water usage, so hot and dry weather conditions have a lesser impact on wastewater revenues than they do on water revenues.

The average yearly increase in wastewater service revenue in fiscal years 99-00 through 06-07 was 9.5%. In both fiscal year 00-01 and 02-03, wastewater rate increases were adopted and resulted in significant revenue increases. The average yearly increase since the last wastewater rate increase in fiscal year 02-03 was just 1.61%. In fiscal year 06-07 wastewater service revenue increased by 8% and actual wastewater collections exceeded budget by 9%, due, partially, to meter repairs or change outs. The wastewater service revenue budget for fiscal year 09-10 was decreased by .4% from the prior year budget. Fund revenue trended down since the peak in fiscal year 07-08.

The increases in wastewater service revenue over many of the past several years have been outpaced by inflation and the rising costs of providing municipal services. Fiscal year 06-07 was the first year since fiscal year 02-03 that growth in revenue exceeded the effects of inflation. Each year the purchasing power of this revenue source declines as inflation rises, but the City Council and City staff continue to provide excellent service with fewer resources.

The below graph shows both the actual and present value of the wastewater service revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10:



The below table shows total wastewater service charges revenue received in prior years and revenue budgeted for fiscal year 09-10 for the Wastewater Fund:

Wastewater Service Charges Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Wastewater Charges	7,468,551	8,075,460	8,275,702	8,100,000	7,933,000	8,078,000
Wastewater Taps	45,119	56,646	50,455	45,000	30,000	31,875
Late Payment Penalties	60,012	51,464	58,233	52,000	57,000	57,000
Total	7,573,682	8,183,570	7,894,000	8,197,000	8,020,000	8,166,875

Solid Waste Service Charges

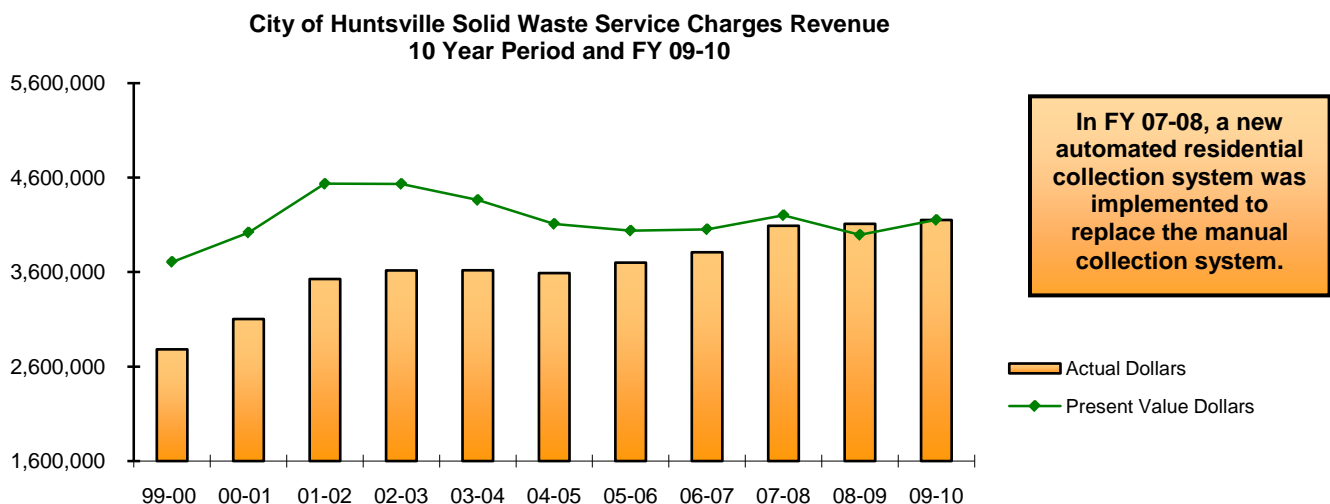
Revenues from solid waste service charges account for 8% of overall city revenues. The City of Huntsville provides the collection and disposal of solid waste for the residents and businesses of Huntsville. Residential customers in single family dwellings are charged \$17.90 per month for these services and have their waste collected twice per week. Commercial rates are based on the size of the container and number of times waste is collected each month. In addition to Huntsville residents and businesses, the City also provides the disposal of solid waste for the Texas Department of Criminal Justice, Sam Houston State University, and areas throughout Walker County. The City of Huntsville operates a transfer station facility and transfers solid waste to the Polk County Solid Waste Management Center for disposal. The City of Huntsville charges a disposal fee based on tonnage of waste brought to the transfer facility.

The monthly residential solid waste collection rate was adjusted in fiscal year 07-08 for the first time since fiscal year 01-02. Each year the City of Huntsville evaluates its utility revenues and costs of utility service provision to determine if the utility rates being charged are still sufficient to cover the cost of providing the service. Our analysis looks at costs associated with operations and maintenance as well as crucial capital investments. Associated costs include employee services (labor and benefits), services and utilities (electricity, waste disposal, etc), chemicals, fuel, equipment (vehicles, containers, tools, etc), and, debt service. Based on cost increases associated with curbside collection and disposal of garbage it was determined that residential rates would need to be increased in order to continue to provide twice per week curbside collection and disposal of residential solid waste, as well as yard and bulk waste collection.

In September 2008, the City of Huntsville implemented a new automated system of residential collection in place of the manual collection system. Automation is a more efficient way to collect garbage and is safer for the employees of Solid Waste Services. Labor costs are projected to reduce; resulting in overall savings after the capital investments is paid for in five years.

The preparation of our budget for solid waste service revenue begins with a review of Huntsville's historical solid waste service revenue collection trends. The average yearly increase in solid waste service revenue over the past nine years was 4.2%, but the average yearly increase over the past five years was 3%. In accordance with historical increases and Huntsville's conservative budgeting, the solid waste service revenue budget for fiscal year 09-10 was increased by 3% from the prior year budget, but just slightly over current year estimates (.01%). Like water and wastewater service revenue, the increases in solid waste service revenue over many of the past several years have been outpaced by inflation.

The below graph shows both the actual and present value of the solid waste service revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 09-10:



The below table shows total solid waste service charges revenue received in prior years and revenue budgeted for fiscal year 09-10 for the Solid Waste Fund:

Solid Waste Service Charges Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Residential Collections	1,295,265	1,307,744	1,468,285	1,486,474	1,460,000	1,485,500
Commercial Collections	1,665,840	1,744,310	1,841,231	1,775,000	1,878,000	1,892,000
Disposal Fees	699,945	723,037	740,398	728,000	732,000	733,000
Late Payment Penalties	39,168	34,826	40,297	39,500	40,800	41,000
Total	3,700,218	3,809,917	4,090,211	4,028,974	4,110,800	4,151,500

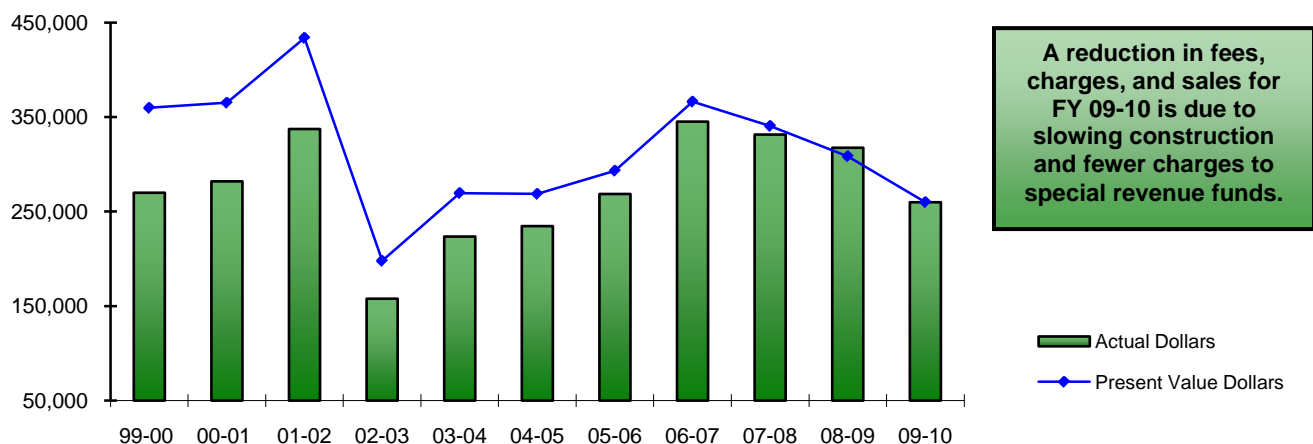
Fees, Charges, Sales

Revenues from fees, charges, and sales account for 0.8% of overall city revenues. The City collects fees and charges for certain services in order to partially offset the cost of providing and administering these services. These fees and charges include such things as park rental fees, recreation program and aquatic center fees, library fees, returned check charges, and utility service connection and reconnection charges. The fees, charges, and sales revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from City staff. The average yearly increase in revenue from fees, charges, and sales over the past nine years was 3.4%. A reduction in 09-10 budget is occurring due to slowing of construction and less charges to the special revenue funds.

In General Fund, fees from passport applications increased by over 161% from fiscal year 02-03 through fiscal year 06-07 and contributed approximately \$46,000 to the General Fund fees, charges, and sales revenue. In fiscal year 07-08, the City Council chose to discontinue the passport processing service and allow the local post office to handle all passport processing for the community; however, the service was not discontinued until the end of July, 2008.

The below graph shows both the actual and present value of the fees, charges, and sales revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10:

**City of Huntsville Fees, Charges, and Sales Revenue
10 Year Period and FY 09-10**



Fees, Charges, Sales Revenue

The below table shows total fees, charges, and sales revenue received in prior years and revenue budgeted for fiscal year 09-10 for the General, Special Revenue, and Enterprise Funds:

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
General Fund	101,222	143,692	138,087	112,950	141,390	118,800
Special Revenue Funds	70,822	77,453	59,807	95,900	84,450	52,100
Internal Service funds	978	3,060	29,817	-	-	-
Water Fund	64,786	95,072	89,718	94,675	89,770	87,000
Wastewater Fund	29,753	-	-	-	-	-
Solid Waste Fund	1,105	2,036	2,202	2,001	2,001	2,021
Cemetery Fund*	-	23,930	11,930	12,000	15,810	-
Total	268,666	345,244	331,561	317,526	319,421	259,921

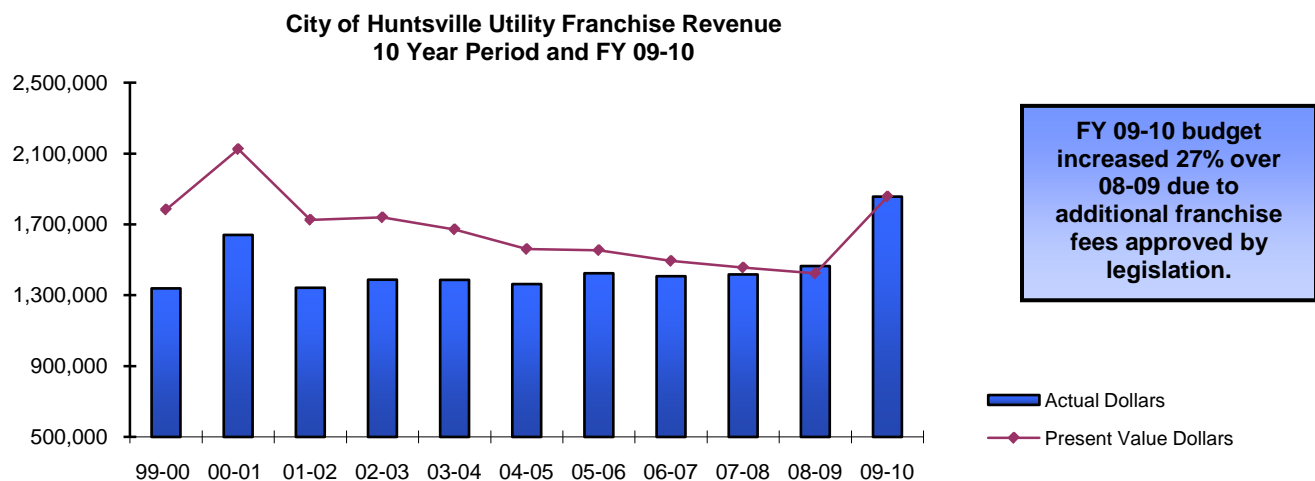
* Cemetery fund moved to General fund in FY 09-10

Utility Franchise Fees

Revenues from utility franchise fees account for 3.6% of overall city revenues. The City of Huntsville collects franchise fees from utility companies and allows them to place facilities (i.e. poles and wires) on public property (i.e. right-of-ways/easements). Utilities companies such as electrical providers, gas providers, telephone providers, and telecable providers which utilize public right-of-ways in the City of Huntsville pay a franchise fee. The preparation of our budget for utility franchise fee revenue begins with a review of Huntsville's historical franchise fee revenue collection trends. The average yearly increase in revenue from this source over the past five years was 6.5%, but the average yearly increase over the past nine years was 4%. Telephone franchise revenue has remained relatively constant since fiscal year 04-05, with gas revenue increasing slightly since fiscal year 06-07.

Legislation changing the way electric franchise fees could be charged went in to effect in 2002. This change in methodology resulted in a decrease in electric franchise fee revenues the City receives. However, the legislation does allow the City to enact a franchise fee recovery rider in order to offset the impact of the reduction in revenue. The City Council enacted the fee rider and the 09-10 budget increase reflects the additional revenue increase of 27% over 08-09 budget.

The below graph shows both the actual and present value of the utility franchise fee revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10:



The below table shows total utility franchise fee revenue received in prior years and revenue budgeted for fiscal year 08-09 for the Street Special Revenue Fund:

Utility Franchise Fees Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Electric	861,313	851,582	826,520	860,000	860,000	1,252,000
Telephone	242,455	242,540	242,357	242,500	240,000	240,000
Gas	110,831	100,564	107,841	115,000	115,000	115,000
Telecable	209,720	212,927	240,000	250,000	250,000	250,000
Total	1,424,319	1,407,613	1,417,686	1,457,500	1,465,000	1,857,000

Right-of-way Maintenance

Revenues from right-of-way maintenance charges account for 1.6% of overall city revenues. The City of Huntsville's Water, Wastewater, and Solid Waste Funds pay the Street Special Revenue Fund a portion of their revenues in order to offset the Street Fund's cost of maintaining the public streets and right-of-ways for use in operating the Water, Wastewater, and Solid Waste utilities. The City's water and wastewater transmission lines are located in City streets and right-of-ways and it is important that they be maintained in manner that ensures the City's infrastructure investment is protected and can be accessed for maintenance, repair, and replacement when needed. Well-maintained streets and right-of-ways also ensure that City staff is able to provide high quality service to citizens and utility customers. The right-of-way maintenance revenue budget is prepared based on Water, Wastewater, and Solid Waste fund revenue budgets. The Street Fund receives 3.5% of the utility fund's budgeted revenue.

The below table shows total right-of-way maintenance revenue received in prior years and revenue budgeted for fiscal year 09-10 for the Street Special Revenue Fund:

Right-of-Way Maintenance Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Charge to Water Fund	302,566	366,008	364,690	369,375	369,375	366,929
Charge to Wastewater Fund	226,215	272,144	287,659	299,945	299,945	290,078
Charge to Solid Waste Fund	108,244	112,076	134,330	144,514	144,514	147,890
Total	637,025	750,228	786,679	813,834	813,834	804,897

Grants, Reimbursements, Contributions

Revenues from grants, reimbursements, and contributions account for .6% of overall city revenues. The City of Huntsville receives grants and contributions from various sources, for various purposes, and in various amounts. The reimbursement and contribution revenue budget is prepared conservatively based on Huntsville's historical collection trends and estimates from City staff. The grant revenue budget is prepared based on grants awarded to the City, grants applied for by the City, and City staff's knowledge of any upcoming grants for which the City may apply. Every effort is made to include all grants that can reasonably be anticipated, but given the nature of grant announcements and cycles, occasionally the budget must be amended during the year to provide for grants that are sought or received that were not included in the original budget.

For fiscal year 09-10, the city has added a grant coordinator and staff to significantly contribute to grant programs and revenues. The city has received a \$1 million reimbursement grant independent of budgeted revenues for low cost housing and has applied for over \$20 million in grants; including an \$11.1 million drainage enhancement for Town Creek. Funding for State Highway 19 is also an initiative for the new year.

The below table shows total grants, reimbursements, and contributions revenue received in prior years and revenue budgeted for fiscal year 09-10 for all operating funds:

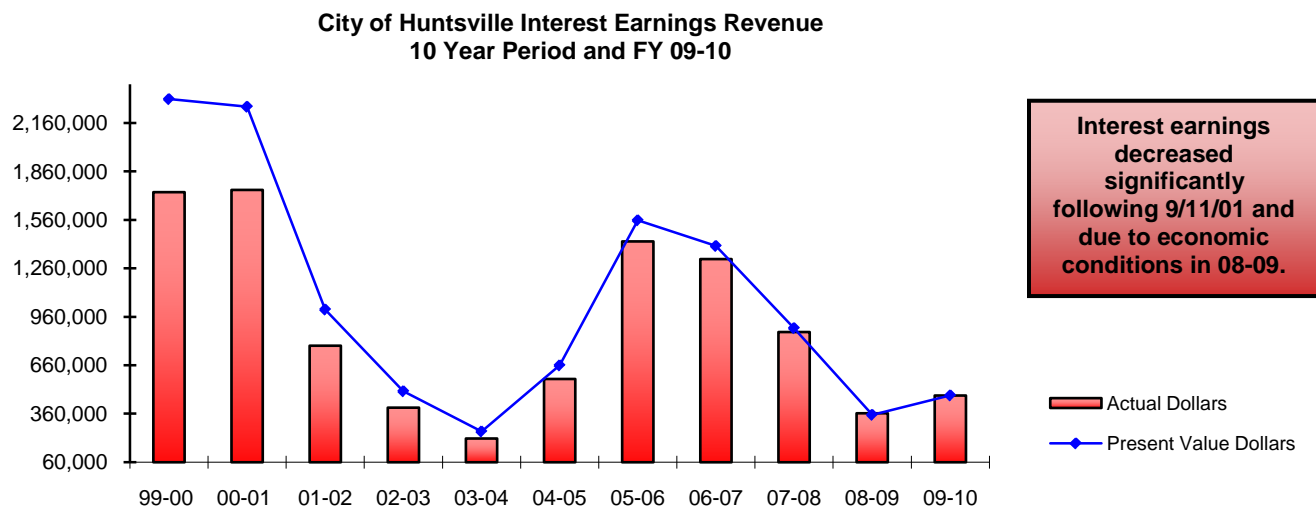
Grants, Reimbursements, and Contributions Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Grants	139,251	278,463	524,002	133,087	68,776	274,349
Reimbursements	-	3,734	-	-	-	-
Contributions	40,006	18,677	71,272	20,104	6,365	12,200
Total	179,257	300,874	595,274	153,191	75,141	286,549

Interest Earnings

Revenues from interest earnings account for 1% of overall city revenues. The City of Huntsville earns interest on invested funds. The City of Huntsville must invest funds according to the Texas Public Funds Investment Act. The interest earnings revenue budget is prepared based on City financial staff's and advisor's analysis of interest rates, historical trends, and projection of amount of funds to be invested. A conservatively projected interest rate was applied to the average fund balance over the past several years and compared to expected fiscal year 08-09 collections. The fiscal year 09-10 budget reflects decreased revenue with falling rates occurring in 08-09.

The below graph shows both the actual and present value of the interest earnings revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10:



The below table shows total interest earnings revenue received in prior years and revenue budgeted for fiscal year 09-10 for all operating funds:

Interest Earnings Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Interest Earnings	1,427,321	1,318,002	866,273	945,150	363,325	473,218
Total	1,427,321	1,318,002	866,273	945,150	363,325	473,218

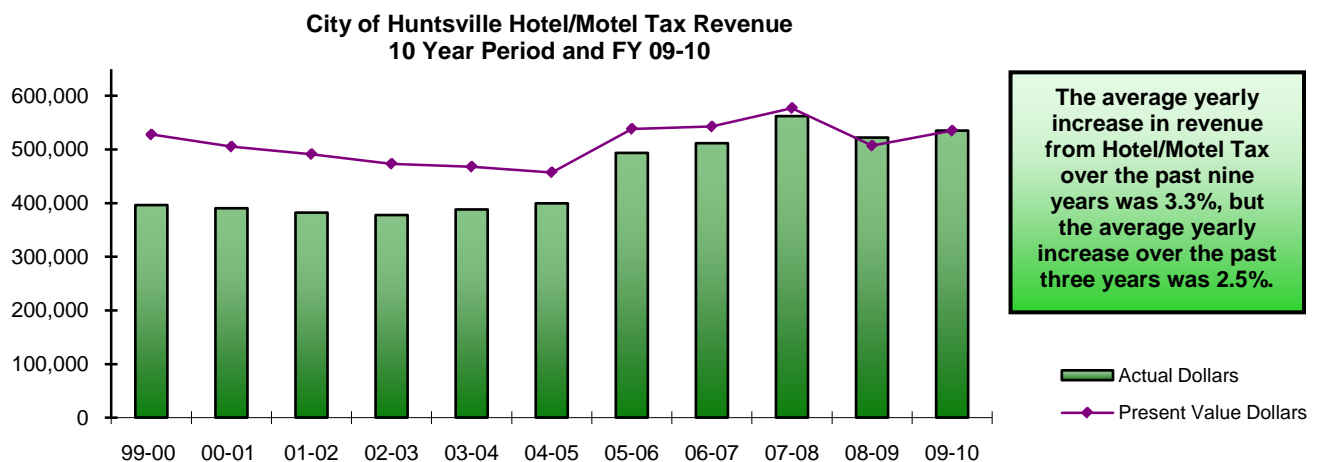
Hotel/Motel Taxes

Revenues from hotel/motel taxes account for 1% of overall City revenues. The Tax Code allows most cities the option of levying an occupancy tax of up to 7% on the price of a hotel or motel room. Texas counties are also authorized to adopt a tax amount between 2% and 7% of the amount paid for a hotel room and the State of Texas imposes a hotel occupancy tax of 6%. Unlike the local sales tax, the hotel occupancy tax is optional and can be imposed without the approval of voters. Under the law, local government proceeds from this tax must be earmarked for certain specified purposes, including the advertising and promotion of the city and its vicinity to attract tourism, arts and cultural activities, historical restoration and preservation activities, registration of convention delegates, operation of visitor information centers, the construction of civic centers and auditoriums, and sporting events.

Two questions must be answered to determine if a proposed use for the hotel occupancy tax is valid. First, does the expenditure directly enhance and promote tourism and the convention and hotel industry? In other words, does it put “heads in beds”? Secondly, does the expenditure fall under one of the six statutory categories for expenditures of these revenues? The eight categories are as follows: funding the establishment, improvement, or maintenance of a convention center or visitor information center; paying the administrative costs for facilitation convention registration; paying for tourism-related advertising and promotions of the city or its vicinity; funding programs which enhance the arts; funding historical restoration or preservation programs; and funding for sporting events in a county under 290,000 in population; funding existing sport facilities; and funding transportation for tourists. Texas statutes include additional rules regarding the actual percentages of the hotel occupancy tax revenue that can be spent on each of these eight categories. These rules, however, differ depending on the population of the city. The hotel occupancy tax cannot be used for general revenue purposes or to pay for expenses that are not directly related to the promotion of tourism.

The hotel/motel tax revenue budget is prepared based on Huntsville’s historical collection trends and activity estimates from the City staff and financial consultants. The average yearly increase in revenue from this source over the past nine years was 3.3%, but the average yearly increase over the past three years was 1.7%. In accordance with historical average increases with emphasis on most recent historical activity, the City of Huntsville’s conservative budgeting approach, and input from the City’s financial advisors hotel/motel tax revenue budget for fiscal year 09-10 was increased by 2.5% from the prior year budget, but in line with 08-09 estimates. The construction of new hot4els in the area has resulted in an increase of rooms for rent. The budget anticipates sustaining prior year levels in the current economy.

The below graph shows both the actual and present value of the hotel/motel tax revenue received by the City of Huntsville over the past ten years as well as the revenue budgeted for fiscal year 09-10:



The below table shows total hotel/motel tax revenue received in prior years and revenue budgeted for fiscal year 09-10 for the Hotel/Motel and Arts Center Funds:

Hotel/Motel Tax Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
H/M Tax - Arts	70,490	73,012	83,000	85,000	72,000	85,000
H/M Tax - Tourism	211,470	219,216	241,000	220,000	225,000	225,000
H/M Tax - Visitors Center	211,471	219,279	238,000	220,000	225,000	225,000
Total	493,432	511,507	562,000	525,000	522,000	525,000

Intergovernmental Payments

Revenues from intergovernmental payments received account for 1.2% of overall City revenues. The City of Huntsville receives payments from Walker County and Huntsville Independent School District for public safety related services. Walker County contracts with the City for fire protection services and the Huntsville Independent School District contracts with the City for the operation of the School Resource Officer program. The intergovernmental payments revenue budget is prepared based on Huntsville's payment amount agreements included in the respective contracts.

The below table shows total intergovernmental payments revenue received in prior years and revenue budgeted for fiscal year 09-10 for the General and School Resource Officer Funds:

Intergovernmental Payments Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Walker County Payments	246,487	246,487	246,487	246,487	246,487	246,487
HISD Payments	246,283	257,456	248,147	375,684	375,684	399,909
Total	492,769	470,487	503,944	622,171	622,171	646,396

Health Insurance Payments

Revenues to the Insurance Fund from City and employee health insurance payments account for 6.2% of overall city revenues. Of the 6.2%, 4.8% consists of payments from City funds for the City's portion of the cost of providing city employee and retiree health insurance which includes medical, dental and life insurance; 1.4% consists of payments from city employees and retirees for their portion of the cost of their health insurance. The preparation of our budget for health insurance payments revenue begins with the receipt of health plan proposals from the City's benefits consulting company. Payment amounts are set at the appropriate level to provide adequate funding for the City's health plan. Payment amounts for employees and retirees are based on the coverage option they choose.

Revenue in fiscal year 05-06 reflects beginning of monthly charge to participants. To maintain costs, the city implemented a new program for employees beginning employment after October 1, 2008. In fiscal year 09-10, revenue is based on enrollment, including retirees, and the same option plan as last year for new employees.

The table on the following page shows total health insurance payments revenue received in prior years and revenue budgeted for fiscal year 09-10 for the Medical Insurance Fund:

Health Insurance Payments Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
City Fund Payments	1,656,072	1,950,081	2,296,809	2,506,805	2,506,805	2,765,965
Employee/Retiree Payments	413,385	454,904	440,000	470,000	530,000	490,900
Total	2,069,457	2,404,985	2,736,809	2,976,805	3,036,805	3,256,865

Administrative Reimbursements

Revenues from administrative reimbursements account for 10.2% of overall city revenues. Water, Wastewater, Solid Waste, and Street Fund reimburse the General Fund for their portion of the administrative costs. Administrative services are budgeted in the General Fund, but provide management and administrative services for each of these other funds as well. The costs of providing these services are divided among the funds that utilize them. The method of calculation for the allocation of costs is dependent on the nature of the service being provided.

The table below shows the different methods of allocation:

FY 2009-2010 Administrative Reimbursements

General Fund

General Administrative Reimbursements

The allocations for the below divisions are based on percent of total adjusted budget in each fund.

- City Council
- Office of City Manager
- Risk & Safety Management
- Finance
- Office Services
- Purchasing
- Building Services

Human Resources Reimbursements

The allocation for the below division is based on number of employees in each fund.

- Human Resources

Fleet Administrative Reimbursements

The allocations for the below divisions are based on the value of warehoused inventory and the insured value of fleet belonging to each fund respectively.

- Fleet and Warehouse Administration
- Garage Services

Technology Administrative Reimbursements

The allocation for Information Technology administration is based on percent of total adjusted budget in each fund

The allocation of Information Technology software maintenance is based on the costs of the software and computer applications used by each fund.

Public Works Administrative Reimbursements

Allocations for the below divisions are based on estimates of personnel time usage in each fund.

- Public Works Administration
- Planning
- Engineering
- Surveying
- Central Inspection
- Health Inspection
- Customer Service – Service Center

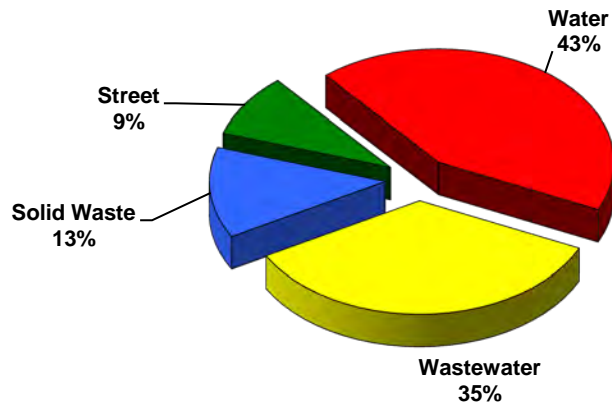
Public Utilities Administrative Reimbursements

The allocation for the below division is based on percent of utility budget supervised in each fund.

- Public Utilities Administration

The below graph shows the portion of General Fund administrative costs paid by each fund in fiscal year 09-10:

**City of Huntsville Administrative Costs Paid by Each Fund
FY 09-10**



Each fund pays a portion of the costs necessary for the successful management and administration of the services the City of Huntsville provides.

In addition to reimbursements to the General Fund, the Enterprise Funds also receive reimbursement for certain services. Water Fund is reimbursed by the Wastewater and Solid Waste Funds for utility billing and meter reading services. Wastewater Fund is reimbursed by the Water Fund for environmental lab services.

Actual revenue for fiscal year 08-09 will equal estimated, as reimbursements are made according to the budget as projected. The increase for the General Fund is 2.7% and approximates the inflation rate. Reimbursement for water and wastewater for particular divisions and services are increased by the exact amount budgeted for those services or divisions.

The below table shows total administrative reimbursements revenue received in prior years and revenue budgeted for fiscal year 09-10 for the General, Water, and Wastewater:

Administrative Reimbursement Revenue

	Actual 05-06	Actual 06-07	Actual 07-08	Adopted 08-09	Estimated 08-09	Budget 09-10
Reimbursements - General	4,215,525	4,653,361	4,958,864	5,132,427	5,132,427	5,272,643
Reimbursements - Water	397,637	311,619	306,410	317,505	317,505	358,512
Reimbursements - Wastewater	55,046	55,208	60,833	65,000	65,000	64,138
Total	4,668,208	5,020,188	5,326,107	5,514,932	5,514,932	5,695,293

City of Huntsville
Summary of Revenue Projection Methods

	%	Historical/Time Series Trend	Informed/Expert Judgment	Activity Estimates	Contract Terms
Property Taxes	9.0%	✓	✓		
Sales Taxes	13.0%	✓	✓	✓	
Mixed Drink Taxes	0.14%	✓	✓	✓	
Municipal Court Fines	1.38%	✓	✓	✓	
Permits, Licenses, Development Fees	0.4%	✓	✓	✓	
Water Service Charges	21.0%	✓	✓	✓	✓
Wastewater Service Charges	16.0%	✓	✓	✓	
Solid Waste Service Charges	8.0%	✓	✓	✓	✓
Fees, Charges, Sales	0.8%	✓	✓	✓	
Utility Franchise Fees	3.6%	✓	✓	✓	✓
Right-of-Way Maintenance	1.6%			✓	
Grants, Reimbursements, Contributions	0.6%	✓	✓	✓	
Interest Earnings	0.1%	✓	✓	✓	
Hotel/Motel Taxes	1.0%	✓	✓	✓	
Intergovernmental Payments	1.2%				✓
Health Insurance Payments	6.2%	✓	✓	✓	
Administrative Reimbursements	10.2%			✓	